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PUBLISHER & EDITOR IN CHIEF
Jessica Tams

CONTENT PRODUCTION MANAGER
Yulia Vakhrusheva
EDITORIAL ADVISORS
Christopher Natsuume, Jussi Laakkonen
EDITORS
Peter Watkins, Tennille Forsberg, Catherine Quinton

CREATIVE DIRECTOR & DESIGNER
Shirin Ardakani

CONTRIBUTORS
Anila Andrade, Nick Berry, David Hoppe, Alla Khramtsova, Luke Muscat, Alex Rampell, David Rohrl, Kushal Saha, Andrey Salnikov, Greg Trefry

CONTACT US
Advertising Sales:
Luke Burtis, *luke@casualconnect.org*
Address Changes and Subscription:
Tennille Forsberg, *tennille@casualconnect.org*
Article Submission and Comments:
editor@casualconnect.org

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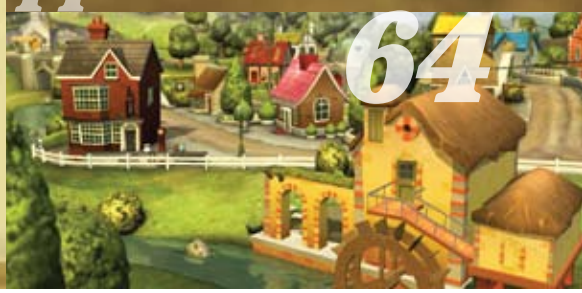

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Co-financing
and producing
of casual games

Letter from the Director

If you're going to play Little League baseball, you have to expect to get hit by an occasional pitch. It comes with the game. It's one of the reasons you'll see baseball coaches telling a sobbing nine-year-old, "Just rub some dirt on it. You'll feel better already."

The dirt, of course, has no therapeutic benefit; but it provides a means of distracting the kid from his wound and encouraging him to get up, brush himself off, and make something good happen.

Sometimes things do get a little rough out there. You pour your heart and soul into a game and then struggle to get noticed. Or you find distribution channels drying up and new ones emerging that you didn't anticipate. Or maybe a key team member leaves and goes to work for a competitor. It's all part of the game we've chosen to play. The market is maturing, business models are changing, and sometimes it seems it's getting harder and harder to succeed.

Luckily good ideas and excellent execution keep getting rewarded in the marketplace. Five years ago, no one was talking about games on Facebook or the Apple App Store, and now? Well, let's just say that these new platforms are helping to pay a lot of people's mortgages. As you will read about in this issue, we even see struggling developers jumping on emerging platforms and hitting the ball completely out of the park—so to speak.

All of which leads me to repeat what you probably already know: New opportunities will continue to emerge. And when they do, someone is going to be making a lot of money. So next time you get knocked down, rub a little dirt on it and get back in there. As they say: You could be just one pitch away.

Jessica

Jessica Tams, *Director of the Casual Games Association*
jessica@casualconnect.org

EVENT CALENDAR

July 19-21
2011

Casual Connect Seattle
Benaroya Hall
200 University St.
Seattle, WA 98101

October 19-21
2011

Casual Connect Kyiv
RUS Hotel
Hospitalna Street 4
Kyiv, 01601
Ukraine

February 7-9
2012

Casual Connect Europe
Congress Center Hamburg
Marseiller Straße 1
Hamburg, 20355
Germany

Contributors

Kushal Saha
kushal.saha@casualconnect.org
Kushal is a Managing Director in the Information Technology practice with a focus on the Internet and New Media theme at Cascadia Capital. Saha originates, manages and executes all facets of M&A, recapitalizations, private equity and debt placement transactions.
Seattle, WA

Nick Berry
nick.berry@casualconnect.org
Nick is the President of DataGenetics, a consultancy firm specializing in data mining and privacy. Although educated as a rocket scientist and aircraft designer, he has worked in the casual games industry for over 12 years, including over 10 at Microsoft, and more recently, as the GM for Analytics at GameHouse.
Seattle, WA

David Hoppe
david.hoppe@casualconnect.org
As Microsoft's Director of Business Development, David spends his days sourcing social and casual games content for Microsoft's online games properties, including MSN Games, Bing and Windows Live Messenger. Prior to joining Microsoft, David spent ten years developing card game franchises like *Magic: The Gathering, Pokemon, NeoPets* and *Yu-Gi-Oh!*
Seattle, WA

Interviewee **Ben Cousins** ***(ben.cousins@casualconnect.org)*** is the General Manager of a new EA business unit based in Stockholm. Since joining EA in 2007, Ben has worked on Battlefield Online, Battlefield 1943 (the most successful download-only console game of all time), the pioneering Battlefield Heroes, and EA's first browser strategy game, Lord of Ultima.
Stockholm, Sweden

Gogogic
Reykjavik, Iceland

Relentless Software
(Blue Toad Murder Files)
Brighton, England

David Rohrl
david.rohrl@casualconnect.org.
David is a Creative Director at Playdom where he conceives and designs a variety of new games, helps to improve existing games, mentors junior design staff, and annoys producers. Rohrl has over 15 years of game development experience and previously occupied senior production and game design roles at Zynga, PopCap and EA/Pogo.
San Francisco, CA

Alex Rampell
alex.rampell@casualconnect.org.
Alex is the co-founder and CEO of TrialPay, where he is responsible for general management and building corporate infrastructure. He invented the "pay-by-offer" concept that every offer-based monetization platform uses today. He also co-founded FraudEliminator, the first consumer anti-phishing company.
Mountain View, CA

Greg Trefry
greg.trefry@casualconnect.org
Greg has designed everything from web-based MMOs to hit casual games to alternate reality games. Prior to starting *Gigantic Mechanic,* he was Creative Director at *Gamestar Mechanic,* a web-based MMO game for tweens. As a Senior Game Designer at Gamelab, he created and led design on *Jojo's Fashion Show.*
Brooklyn, NY

Alla Khramtsova
alla.khramtsova@casualconnect.org
Alla acted as Executive Producer of *Tulula: Legend of a Volcano* at INTENIUM GmbH, the publisher of the game. Alla has been in the casual games industry since 2003, working in managerial positions in business development, sales and marketing. Game development has always been one of her top priorities.
Hamburg, Germany

Andrey Salnikov
andrey.salnikov@casualconnect.org
Andrey is the Founder of Alt.A Games, developer of Tulula. He's been involved in the game industry since 2002 and moved to the casual domain in 2009.
Kyiv, Ukraine

Rovio
Helsinki, Finland

Anila Andrade
anila.andrade@casualconnect.org
Anila is an Associate Producer at 99Games. She has been involved with game requirements and design of 10 titles for the iPhone and iPad in the past three years. Currently, she's overseeing the development of three forthcoming titles for the iDevices and Mac. She is an avid gamer and a frequent speaker at gaming conferences.
New Udupi, India

Luke Muscat
luke.muscat@casualconnect.org
Luke is a lead designer at Halfbrick Studios and the creator of two smash-hit iPhone games *Fruit Ninja* and *Monster Dash*. In earlier projects he has worked as lead designer on DS and PSP games, with popular licenses such as Marvel and Avatar: The Last Airbender.
Brisbane, Australia

About the Cover

Ivan Petukhov *(left)*, Stepan Komarov *(right)*, Dasha Pavlova *(below)*

As you gazed at the cover of this magazine for the first time, you were probably compelled to search for random objects, such as a pocket watch, a Fedora or a small white feather. Then you most likely remembered you were holding a print publication, not sitting at a computer, and laughed at yourself for being so easily drawn in.

However, you were closer to the idea behind the cover than you realized, since many of the items in the scene can be found throughout the pages of this magazine. As you browse its ads and read its articles, keep an eye out for the objects, and see how many you can find.

The artists at Alawar Friday's Games created the image in the hopes of enticing you to play a different kind of hidden object game. Alawar Friday's Games was formed out of Friday's Games, a Novosibirsk-based casual game development studio that surfaced in 2007. The company has released several titles since its inception, including the *Natalie Brooks* series of adventure games and the *Mogul* series of casual building sims.
Novosibirsk, Russia

We'll get you started with this feather. Can you find all the other objects? There are **eleven** more: *Glove, Pipe, Wrench, Dice, Ring, Flashlight, Binoculars, Handcuffs, Fan, Chinese vase,* and *Goggles.*

New & Notable

Helsinki, Finland

Meet The Rovio Team

Angry Birds is quickly becoming a household term and the creators at Rovio are preparing for a full-frontal campaign to strike the collective irons while they're hot. Founded in 2003, Rovio has always had strong roots in the mobile sector, but *Angry Birds* meant a huge breakthrough for a studio that has had its share of ups and downs. Quite possibly a familiar feeling to any small development studio that once saw their small game reach the top of the charts, smiled at the resulting sales figures and looked back at the charts a couple of months later to see their baby still at the top.

We sat down with Rovio's producer Harro Grönberg and the company's own 'bird whisperer' Ville Heijari to talk about how *Angry Birds* opened many doors that had been closed, let Rovio educate new game talent in Finland, healed old wounds, reunited old friends, broke boundaries beyond belief and brought more creative freedom. And there is more to come.

> Rovio's been around for some time, but we all still remember the times when things weren't so good. So you don't get too cocky.

Striking the Bird While It's Hot

Heijari recalls one of Rovio's more popular previous titles: *Darkest Fear*, a horror game developed in Java ME in 2005. A look back at that game shows that the company has come far. "We're now completely focused on *Angry Birds* and building the brand; we're not going to bundle it up with *Darkest Fear*," Heijari says.

Rovio's current focus has been sharpened through the recent success of *Angry Birds*. We asked if it could be summarized in five words, and it can. "Casual entertainment for all ages," Heijari answers. "It really feels like we have all these new opportunities with *Angry Birds*."

One of those opportunities the Rovio team is considering is the option to self-publish, a popular trend now among smaller developers that have the capacity to do so. "We might be interested in publishing other games as well in the future," Heijari admits. "That takes a lot of muscle, but we haven't ruled out any other IP."

But for now, the entire production at Rovio's studio is geared towards building and strengthening the *Angry Birds* brand.

The studio has expanded to more than 30 people and positions are still gradually opening up. "We have teams of developers working on different platforms, as well as level designers for different projects, and so far we've only been hiring where we see the demand or the resources," Heijari explains. "So the growth's been really gradual and bland."

As for the external situation in their own country of Finland, Rovio has set the bar and made a powerful statement about some major shifts in mobile game development. "I've worked with many mobile devices, services and solutions, but I've never seen anything like this emerge from Finland before," Heijari says. "In the last six months, Rovio has not only been the epicenter of a new mobile environment, but what media and different industries are starting to regard as a future business powerhouse in Finland: Mobile apps and services. I fully realize that it might sound funny to call it an emerging business, if you look at Nokia and the mobile industry for the past 20 years in Finland. But with the latest batch of smartphones from different manufacturers, we're really only starting to finally get there."

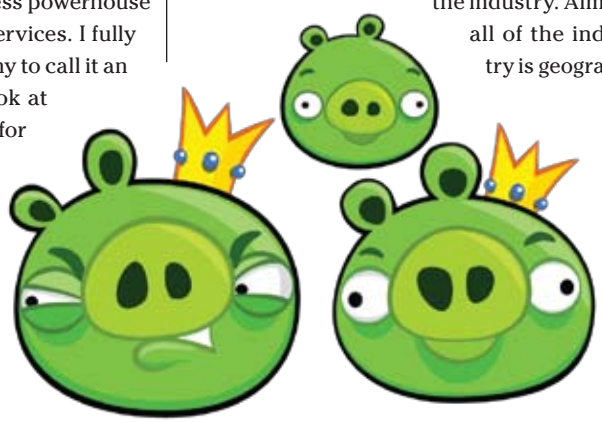
Building a Nest

In a coordinated campaign to make the most out of the raging *Angry Birds* hype and the title going multi-platform, Rovio has limited themselves to only hiring experienced talent that can instantly be deployed on a new project. "But we are going to have a junior team come in at some point," Grönberg assures me.

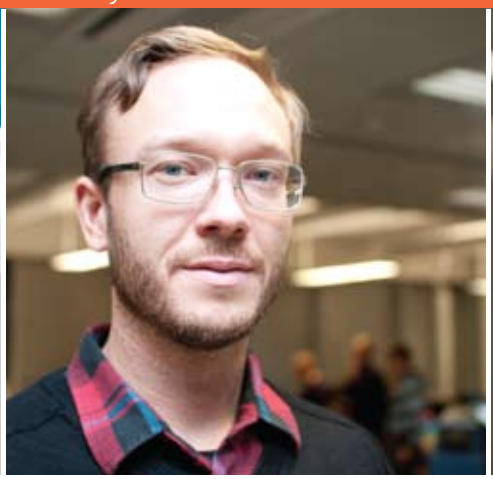
Because Rovio is located in Espoo, Finland, most of the professionals who have joined the company in the past were generally self-taught and did not enjoy a fancy game development education such as is now offered at multiple newly-established educational institutions in Finland. "There's a lot of emerging game education in Finland right now," Heijari confirms. "There are very few established lines of education where you would graduate as an industry professional. But hiring a large number of inexperienced developers at once would have an unpleasant impact on the company's burn rate."

Instead, Rovio is looking to cooperate with the educational authorities in Finland. "We want to bring in experienced programmers who are not familiar to the game industry, so we have the opportunity to nurture new experienced professionals," Heijari explains.

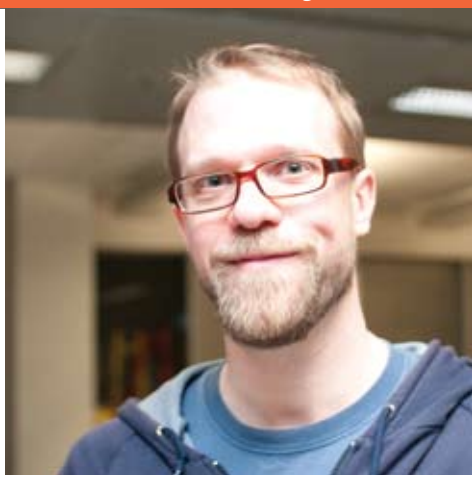
Since Finland is a rather small country, experienced developers tend to bounce between the few big game studios in the country. But for Grönberg and Heijari, the goal is to keep things as civil as possible. "There's some churn between different developers, but it's definitely not in anybody's interest to start harvesting manpower from other developers. We have good close relationships with others in the industry. Almost all of the industry is geograph-



Rovio's own 'bird whisperer', *Ville Heijari*



Producer, *Harro Grönberg*



ically close. What we want to do instead is to bring new people into the industry and not just go around hiring everybody else's workforce."

This ecosystem in Finland acts as a safeguard against expanding one's workforce too rapidly. "We really need the right talent to do the things we want to do," Heijari adds. The tight knit industry also brings a certain sobriety to its members as a result of its history in the hard times people once had to face. "Rovio's been around for some time, but we all still remember the times when things weren't so good," Grönberg says. "So you don't get too cocky. People haven't forgotten the past and I'd say that keeps things in perspective. We have to be proud of what we have, but shouldn't act stupid."

But according to Heijari, there's more to not wanting to grow too big, too fast. "Everybody really believes in the brand and really believes in the future prospects. We want to make this our *Super Mario* and make a whole bunch of different great *Angry Birds* games. When everybody has the same mentality, we know that we don't have to squeeze all the games out this year."

Back Because of the Birds

Grönberg got his big break in the industry after working as a designer at one of Finland's larger developers, RedLynx, who achieved global fame with their XBLA title *Trials HD.* During his earlier job as an editor-in-chief at a popular Finnish magazine, he was called up by a producer from RedLynx and asked to help out with the design for RedLynx's *Warhammer 40.000: Squad Commander* game for the PlayStation Portable and Nintendo DS. Having played pen-and-paper RPGs and war games for a quarter of a century, his contribution to the title was one of his proudest achievements. "I kind of managed to write in something that now is part of the Warhammer 40K canon," he admits. "That was a big thing for me. Those opportunities don't come around so often."

Looking back at those first steps into game development, Grönberg admits he considered himself a better producer than a designer. Joining Rovio as a producer after his work on *Squad Commander* was finished, he found himself mostly involved in the company's work with various publishers on different titles. His background in editing magazines helped Grönberg in his production activities. Grönberg often found himself juggling three or four of Rovio's mobile titles for various publishers at a time. Sadly for him, Rovio wasn't enjoying the stability it has earned today. "There had to be some cuts and I was one of the guys who had to leave," he recalls. When he rejoined Rovio in June 2010, Grönberg stumbled upon the same pleasant company culture he once had to leave, but with many more stable opportunities to help him forget about the past. "The atmosphere now is more relaxed, and we know that we have something good in our hands," he says. "When I think back to our previous games, those weren't nice times. We were barely able to survive and come around. When we had to make cuts back then, I had to take a job as a community manager that I didn't enjoy much, but it was a job. Thankfully my position reopened and I got to join these guys."

> Now we have one game and we probably have every operator and device operator in the world coming to us and asking us how we can make our game work on their service or device.

But Grönberg wasn't alone. Heijari also found himself a steady job thanks to the *Angry Birds* craze. Before that time, he did freelance copywriting and marketing communications work for the studio, but ended up joining the studio full time in the summer of 2010 to help with the growing PR and communications efforts necessary because of the ongoing success of the game. Hence his rather striking title, the 'Bird Whisperer.'

A Sky Full of Stars

It was easy and fun for Grönberg to rejoin the team he once had to leave. "I like working here, it's been quite fun." His personal story is but one of many opportunities that have presented themselves since *Angry Birds* took off. "We are now able to speak to people who were unavailable previously," Grönberg says. Rovio

Rovio

also enjoyed the attention of icons in popular culture when the game became the favorite pocket past-time of actor Jon Hamm, lead actor of the popular Mad Men TV series, and television host Conan O' Brien. The latter even personally thanked the country of Finland for inventing the game in one of his recent YouTube videos.

"We have had a couple of *Angry Birds* projects on the burner since this summer," Heijari mentions. "Without the profits from *Angry Birds* and without the scale of success of the game, those projects would have never been continued."

From a business point of view, the opportunities for Rovio are even bigger. "Back when the studio was trying to create their own mobile IP, we tried to get them distributed through operators, device manufacturers, and it was really tough," Heijari recalls. "Most of the operators wouldn't even talk to you unless you had a big portfolio of your own IP. They wanted to offer big variety to their users. Now we have one game and we probably have every operator and device operator in the world coming to us asking us how we can make our game work on their service or device."

For both Grönberg and Heijari, the recent months have been an incredible experience because of all the formerly closed doors which are now wide open to them and their team. "Especially from our point of view and our background," Heijari adds, "This is when all of it is starting to pay off." As for Grönberg, he is satisfied to know that each project and IP he starts or plans this year will most likely not get canned.

Breaking Boundaries

All of this has happened in a very short time. The entire team at Rovio shares the feeling that *Angry Birds* not only blessed them with the opportunities mentioned before, but also allowed them to break the boundaries of the mobile game world that they've inhabited for almost a decade. "If you have a run at the Top 10 with one game, and it maybe goes to No. 1 and remains in the Top 10 for three months, I think you've done pretty well and have gotten a nice chunk of sales," Heijari argues. "If we still have the original *Angry Birds* at the top of the charts for another couple of months, it's pretty much been close or on No. 1 for almost a year."

Out of humility, this was also the first and only mention both gentlemen wanted to make about the game's success. The earlier mobile games that came out of Rovio did not enjoy the prolonged care and attention *Angry Birds* enjoyed during its early launch. According to Heijari, the game became a success because it received the extended attention that most mobile titles still do not enjoy from their creators. "In that light, it's no longer a fire and forget thing," Heijari says. "The studio has worked really hard providing updates, making it into this bigger phenomenon and making it even more popular by providing more content. Now, it's been a year, and we have the opportunity again to pitch new concepts, try stuff and create more *Angry Birds* games from different angles."

There are already some new projects in the pipeline, he hinted. But for the past year, it's all been about *Angry Birds* both inside and outside the Rovio office walls. The extensive attention on one specific brand has yet to become tiresome for the Rovio team. It takes a lot to be number one, but to remain there is really hard work," Heijari adds. "Even though there is much involved to stay number one, we haven't been lazy. We've worked our freaking asses off."

Cooking the Eggs

With the business opportunities opening the gates for Rovio and the plans being set in motion to strengthen their position inside mobile game distribution channels, the time has also come for the team to look ahead for their next creative outburst. "Looking back at the past year, it feels like an incredibly short amount of time," Heijari admits. "The actual development opportunities are really starting to manifest right now." Grönberg concurs. "We just made the foundation and we're now solid," Grönberg adds. "The past year will allow us to do a lot of things, but it's been a really hectic ride to this point."

But with all these opportunities on their plate, each decision has a larger impact on Rovio than before. The company's reaction to

this is to make sure they are always in control of their destiny. "We try to steer away from any exclusive deals that would tie us down," Heijari explains. "So even if we make the occasional wrong choice, for example for some distribution channel, we try not to get bogged down there. We want to explore every avenue and keep as much freedom as possible."

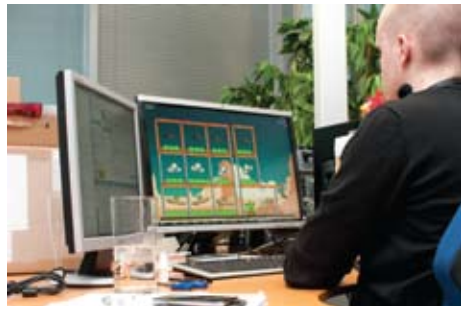
In order to keep productivity peaking, people are only hired on the basis of the next decision, project and budget that is freed up within Rovio. "The number of people we have here at any moment, affects the number of things that we are able to do. Of course, there's some overlap between platforms and titles. We're able to kind of dictate the release schedule ourselves, which gives us time and keeps us flexible."

Tired of Birds Yet?

Though this interview might get some readers their full portion of *Angry Birds* reading for an entire week, imagine what the people at Rovio have gone through for a year. "It's been so hectic and we've done so much that we haven't bumped into that wall yet," Heijari asserts. "It is indeed a challenge we will have to face at some time, but we will have new things in the pipeline by that time so people don't get bored."

Both gentlemen can't see it happening any time soon. "When we got the new plushie prototypes in, everybody just went bonkers about them," Heijari recalls. "Everybody still has a lot of fun. And it's always fun to create the new games, expand the universe, bring in more characters. The game is so perfectly absurd, that you can really go over the top with it."

It's thanks to the fact that Rovio still possesses the entire control of the IP, that allows them the opportunity to do this. "When people get bored with the original game, we'll be able to whip up something new, which of course makes it feel fresh even to our own team," Grönberg adds.



Keeping Your Feathers

The situation Rovio is now in is a small studio's dream. The hype, attention, open doors and endless opportunities to build on your own original IP are blessings that result from a lot of luck, but also require buckets of blood, sweat and tears. "It's a brutal world," Grönberg admits. "It would rock to be able to hold on and keep everything to yourself. Try it, but I don't know if it's realistic."

Rovio themselves chose to have publisher Chillingo in charge of the *Angry Birds* game, a choice none of the team members have ever regretted. "Was it a bad decision to make a deal to take a better share of the cake? I wouldn't say so," Heijari argues. "Because if you look at what happened, we went through the roof. Then you can look back at the decisions and wonder if you could've done this without a publisher. You can break it down into different pieces, but our marketing effort was having a publisher there. We didn't spend a dime on marketing and sales. If you create not only a game, but memorable characters, a whole new brand, then you have the opportunities to diversify and self-publish. I wouldn't advise against using a publisher."

"Don't feel bad to let go of a little control." Grönberg argues. "In our case it worked, and there are a few other titles out there that did it the same way." "Somebody has to sell the game," Heijari adds. "But if you're selling a game, you don't have to sell the IP and the brand when you sign the contract. Retain as much control over your brand and what you did as possible."

Flying Independent

Rovio has been there, seen the tough times and was able to rise through them with the success of *Angry Birds*. It sure wasn't the only game studio that tried to survive through producing titles on a low budget, with a small team and rapid iteration process. Grönberg experienced this first hand when he had to leave. "Even though it might hurt, if you can-

Rovio

not feed fifteen people, you have to cut down to ten people and feed those," he argues, "if that means that you're able to stay afloat. It's not fun for the guys who need to leave, but it will assure some extra ground to be fought for the company."

"If you are constantly struggling, at some point you have to lay out what your goals are and what you are planning to achieve," Heijari says. "*Angry Birds* was born out of a moment of lucidity." At that time, the Rovio team stood at a crossroads. The team looked at the market and started thinking. Here they were, having spent years building a large portfolio of Java games for different publishers and device manufacturers. "But where has it taken us, we wondered," Heijari says. "How is the profitability? Not much and it hasn't taken us far. So what we needed to do was create a strong IP on the most mature and accessible marketing place and sell the crap out of it. And all of those facts became *Angry Birds*."

> The hype, attention, open doors and endless opportunities to build on your own original IP are blessings that result from a lot of luck but also require buckets of blood, sweat and tears.

At that time, the App Store was the perfect choice. "It's by far the most mature marketplace in the mobile industry," he adds. The team did it's best to put all these ideas into one project and push it through one more time. Heijari remembered reading a short article online on Wired about the famous *Final Fantasy* series with Japanese composer Nobuo Uematsu, who was responsible for all the soundtracks of the series. "The game was called *Final Fantasy* because the publisher Square was on the verge of bankruptcy and they had really put all their resources to make a great RPG adventure game. They titled it *Final Fantasy* because it was their final opportunity. Though there's not the same logic at work with us, there are some parallels. At some point you have to pull all your resources together and see where it can get you."

The Future Flight

With all the effort and work put into *Angry Birds*, the plan to expand into future projects is well under way. "It's an interesting challenge for us," Heijari says. On Android, the *Angry Birds* game was released for free with advertising. The game was launched in early November, but in late December the game had already brought in an average of one million dollars of ad revenue a month. "On good days, we had 200 million ad impressions with about 10 million users," he admits. "But we already have a massive advertising channel of our own there, and that's only limited to one game, in one app, on one platform. We're looking at new ways to announce our own future products in our apps. Not in a spammy way, but in a way people want to see. We want to create titles in the *Angry Birds* universe and framework that we believe will appeal to our fans." ❇

Games Passport

By Mediastay

We've Got a Network of Millions of Players
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Table 2 in the Gold Section

A Picture Is Worth A Thousand Words

Gogogic embarked on the challange of creating an authentic and immersive social MMORPG for Facebook that accurately depicted their ancestors, the Vikings, and the spiritual and physical world in which they lived, after being awarded a grant from the Nordic Game Program. The Gogogic team sat down with us to recount the making of *Vikings of Thule*.

Graphical development began with the creation of inspirational "moodboards." These boards included our own creative work as well as external material, including rough sketches and computer graphics of moods and ideas.

Staying True to A Legend

The Art Behind *Vikings of Thule*

Reykjavík, Iceland

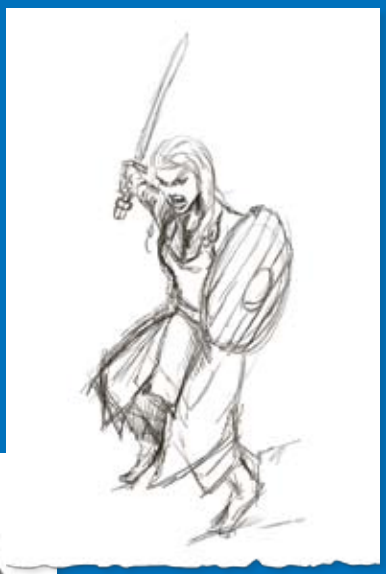
The *Vikings of Thule* team at **Gogogic**

The *Vikings of Thule* team in a sprint planning meeting. **Left to right:** *Snorri Jonsson, Gunnar Viglundsson, Jonathan Osborne, Thorir Bragason Celin, Aevar Kvaran, Bjarni Sigurdsson, Gudmundur Bjargmundsson, Johann Sigurdsson, Halldor Bjarnason, Gudmundur Olafsson, Hilmar Johannsson.*

"We are not trying to do a FarmVille type of game. We are trying to create something unique and authentic. *Vikings of Thule* is a hardcore, browser-based MMO that sits inside a social network. We hope that gamers around the world appreciate our effort to bring a unique experience to Facebook."

After creating and perfecting moodboards, we then explored character development in order to figure out what their overall look and feel should be. Although we did create some cartoony characters, we soon realized a more realisic art style was needed to depict the Vikings as authentic and heroic people.

The Art Behind Vikings of Thule



Developing the proper pose for in-game characters that would be used when players dressed up their avatars is an important part of an MMORPG. We were looking for a strong and heroic pose, a pose of someone standing proud and ready for a fight.

Once we were happy with the character design and mood, we integrated them with the interface and layout.

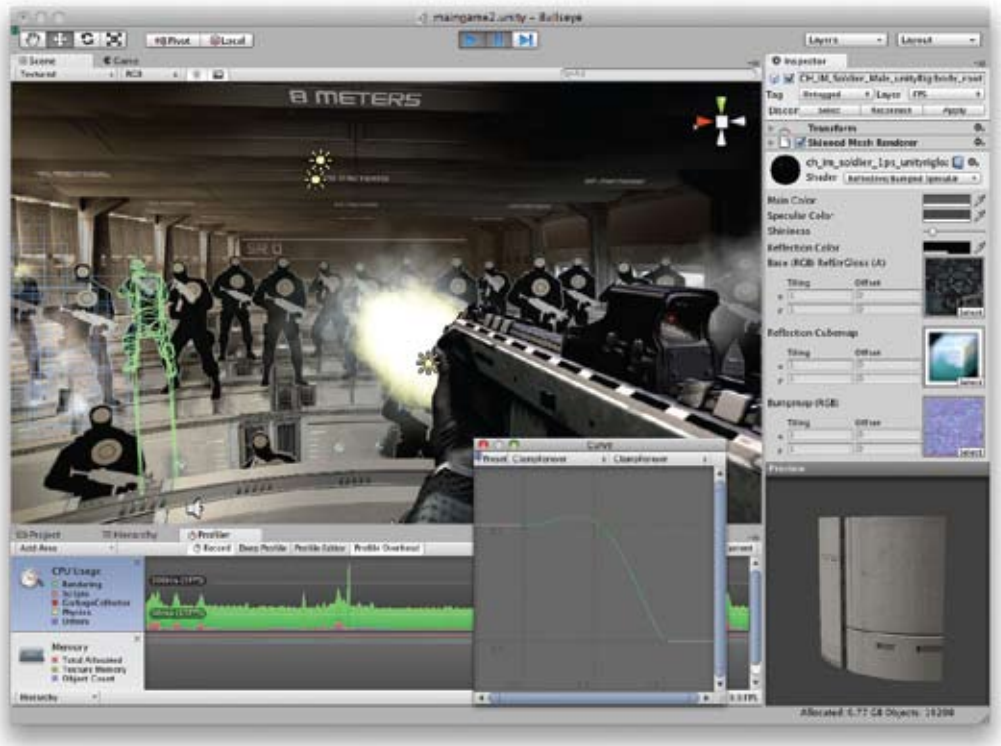
> “To encourage virality, we implemented a progress bar to reward players for liking the game and inviting their friends to play. The more friends, the more resources you can loot.”

After trying out different appearances, using both pencil-and-paper and pixel-and-vector, we decided to go "real-life" with shading and highlights, a technique differentiating *Vikings of Thule*'s artwork from the standard vector-style graphics found on most Facebook games.

For the design of the logo for our game, we wanted to recreate the "Wights of Thule." The Wights were made to represent the mythical guardians of Iceland that appear on the Icelandic national crest. These were integrated into the gameboard design.

After the public beta of *Vikings of Thule*, we made substantial changes and additions to the design and functionality of the game all while staying true to the original mood and design of *Vikings of Thule*.

Author Once, Deploy Anywhere.



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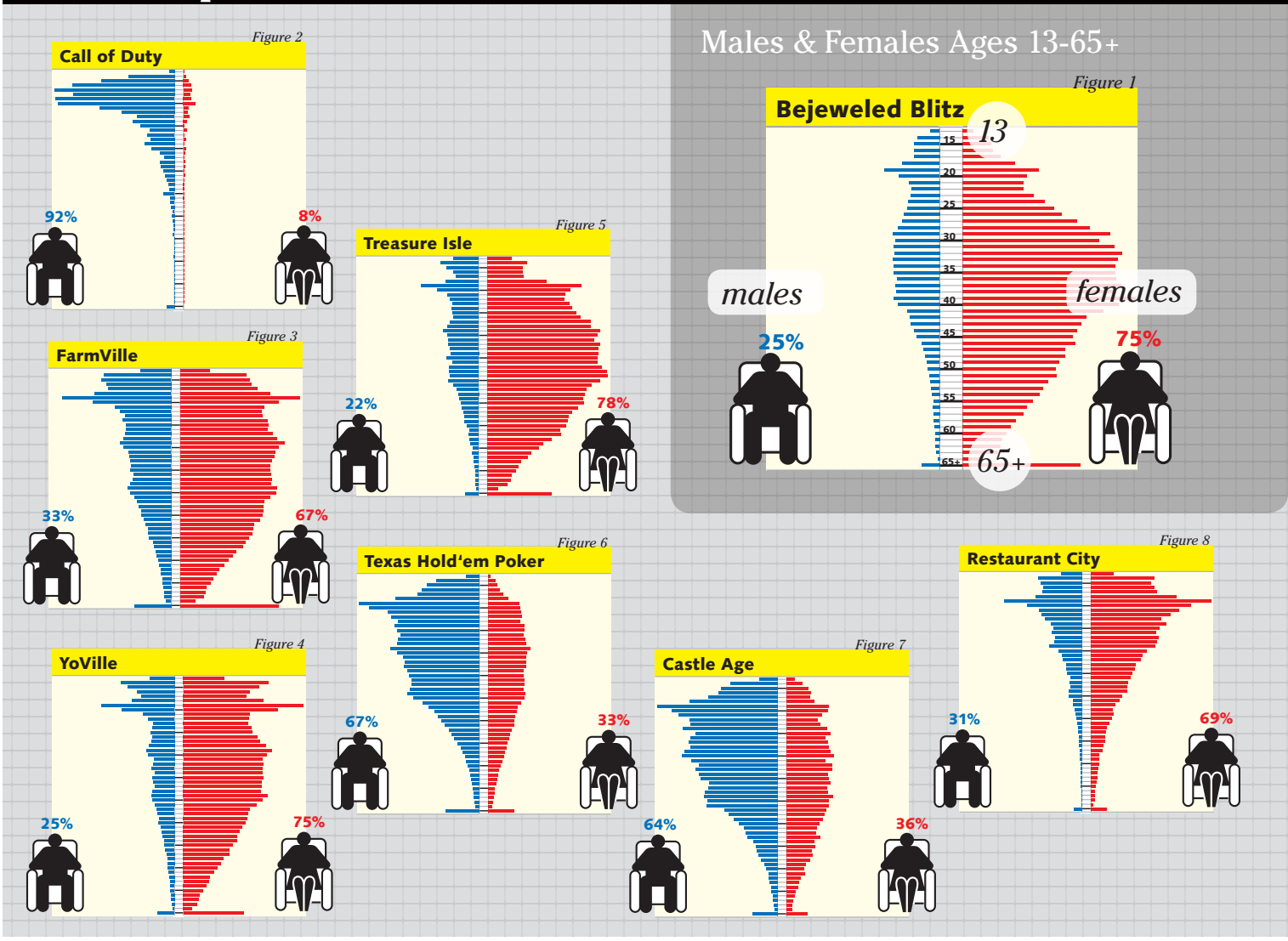
Who Is Playing Games on Facebook?

Some Unexpected Data



I teased you last month with a chart of the demographic profile of **Bejeweled Blitz** players on Facebook. (See *Figure 1* above.) As you may recall, this chart encapsulates the age, gender and population of Facebook users. Female users are shown (in red) on the right of the chart, and male users (in blue) are shown on the left. At the top of the chart are people aged 13, and there is a separate row for each distinct year of age all the way to 64. The bottom line of the chart represents people that are aged 65 and above. The length of each bar is proportional to the number of users.

Each of these charts has been generated by scraping data from Facebook based on the number of people (in USA in this case) who have affinity in some form with the application (such as being a fan or user of the application). Because of the different denominators and fan sizes of each object, the graphs have been normalized so that the "area" under each curve is the same. In this way, the shapes can be compared to contrast the demographic audience of each entity.

As you can see, the demographics for *Bejeweled Blitz* players mirror what we already know about casual game players: The demographics are biased towards middle-aged female players. Of all *Bejeweled* players on Facebook, over 78% are female, with an impressive bulge in the curve between the ages of 25 and 50. A lot of women over the age of 65 also play *Bejeweled!*

Contrast this with a core title such as **Call of Duty** (shown in *Figure 2*), which is adored by teenage boys. Over 92% of the fans of *Call of Duty* on Facebook are male.

Many of the best-known social games, such as **FarmVille** *(Figure 3)*, **YoVille** *(Figure 4)* and **Treasure Isle** *(Figure 5)* follow traditional casual gaming profiles. It's refreshing for our industry to know that, as the game-playing population has expanded from deluxe downloadable games to games on social networks, the demographic profile has remained essentially the same.

As expected, some games do skew more male. It's not a great shock to find that 67% of those who play **Texas Hold'em Poker** *(Figure 6)* are male. Maybe a little more surprising, though not hugely astonishing, is that 64% of **Castle Age** *(Figure 7)* players are male.

by Nick Berry,
president, DataGenetics;
Seattle, WA

Figure 9

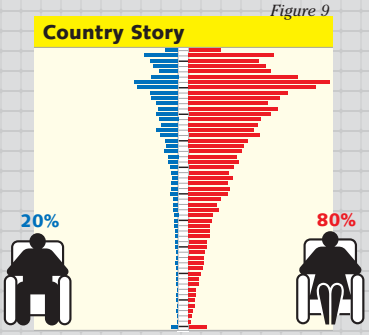


Figure 10

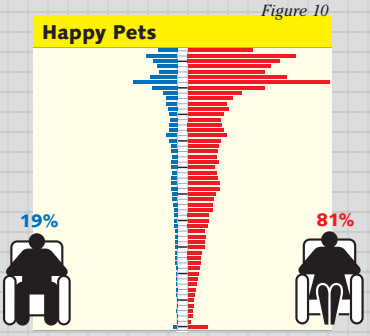


Figure 15

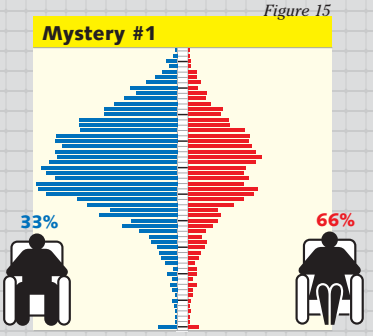


Figure 11

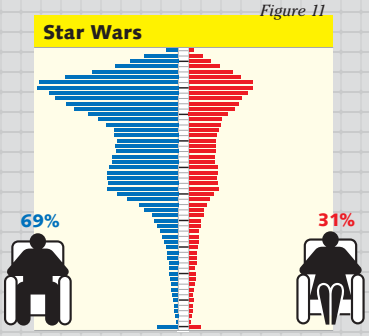


Figure 12

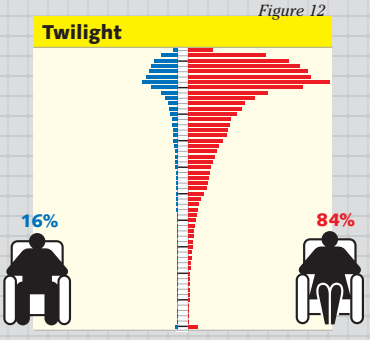


Figure 16

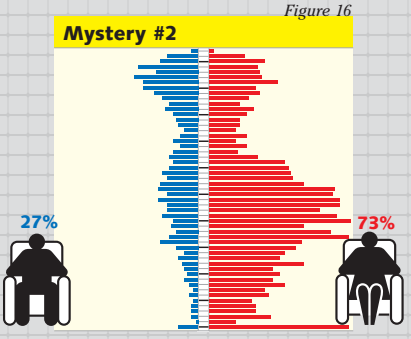


Figure 13

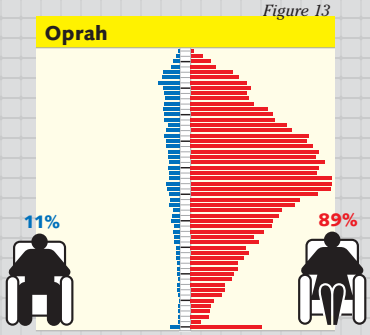


Figure 14

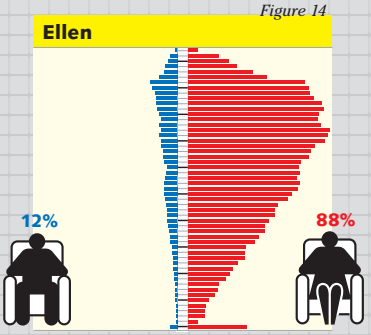
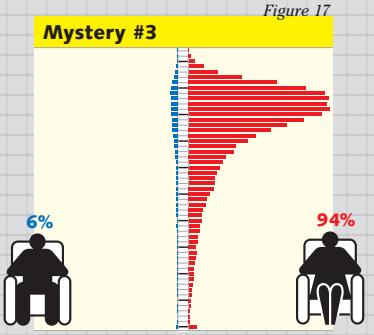


Figure 17



For the above casual games, it's interesting to note that the modal (most popular) peak for males is typically younger, and that for females it is middle aged.

While **Restaurant City** *(Figure 8)* skews female (69%), its audience also appears to peak at a younger age than those of the previous social games we've looked at. **Country Story** *(Figure 9)* is even more female-biased, and it peaks just as young. **Happy Pets'** *(Figure 10)* audience is both more female and younger than any of them. This has implications for monetization inasmuch as, on average, a smaller percentage of younger users make payments using micro-transactions. Whilst there is a considerable variance, depending on the game, research indicates that 25- to 35-year-olds convert the highest percentage of users into paying customers.

We don't have to limit ourselves to applications—people become fans of other things on Facebook as well. Consider the demographic curves for fans of **Star Wars** *(Figure 11)* and **Twilight** *(Figure 12)*. The curve for *Twilight* should be no surprise to anyone who shares a house with a teenage daughter. The curve for *Star Wars* is interesting because of the "double hump." There are distinct peaks for fans of the original trilogy (people now in their late thirties and forties), as well as for the younger crowd groomed on the prequel episodes and the Clone Wars. Curves for *Star Trek* (not shown) display a similar characteristic corresponding to the Captain Kirk era, and that of Jean-Luc Picard.

Figure 13 shows the fans of the **"Oprah Winfrey Show,"** and *Figure 14* shows the fans of **"Ellen."** At first glance they appear similar (with a female fan base of nearly 90 percent); but if you look more closely you can see that Oprah's audience is more mature (peaking in the late thirties), while Ellen seems to appeal to women in their twenties.

I'll end with a quiz. *Figure 15, 16,* and *17* show fan curves for three different entities: **Barry Manilow, Sex and the City,** and **Howard Stern.** Can you work out which is which? Drop me an email if you think you know the answer—or are having trouble figuring it out. ❊

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Postmortem: Focus on the iPhone

Once you decide on making an iPhone game, the big question remains: Do you create an intentionally-simple game hoping for *Bejeweled*-like addiction, or do you push the limits to go after a more sophisticated audience looking for a richer experience? In this issue, we bring you two games on the opposite ends of this range. *Fruit Ninja,* a super addictive game that epitomizes casual gaming, is so easy to learn and so hard to put down that it has sold over three million copies on the AppStore. *The Jim & Frank Mysteries* provide a more involved adventure game experience with over 20 hours of game-play—the quality and depth of *Professor Layton* for a tenth of the price. Both games demonstrate what's possible when you bring excellent game-play to the world's hottest mobile device.

3 Guys, 6 Weeks, 5 Million Sales

A *Fruit Ninja* Postmortem

It was around 11 pm on a Friday night. *Fruit Ninja* had just over taken *Doodle Jump* in the Australian charts, and the beer was flowing readily throughout the office. A game that took a team of three only six weeks to make was doing better than we could possibly have hoped.

We were still a fair way behind in many of the major markets, especially in the US, but our local success was more than enough excuse for a celebration. Recent times had been tough; contracts were drying up and all hopes now rested on launching a successful original IP—and fast.

The last thing we were expecting that night was an email from Apple. Specifically, an email requesting the *Fruit Ninja* assets necessary to feature the game on iTunes, which would thrust the game into the global spotlight. Drunkenly organizing team members to come back into the office for a three-hour art blitz is definitely one of the more memorable moments in the *Fruit Ninja* history—albeit a blurry one.…

continued on page 24

Venturing into the App Store

The Jim & Frank Mysteries: The Blood River Files Postmortem

There has been a lot of excitement lately about puzzle-adventure games on the App Store. But just a couple of years ago this space was not very crowded at all. Back then, the App Store contained a lot of games that were small in both size and complexity. The larger games were typically ported from other platforms.

We were quite intrigued by the fact that no one had attempted to release a *Professor Layton*-like game on the App Store to cater to the puzzle-adventure audience—female casual gamers in particular. That's why we decided to roll out *The Jim & Frank Mysteries: The Blood River Files*, the storyline of which centers on two tweens who are on a quest to uncover a secret mystery.

Background Art

We knew that in attempting a game on the lines of *Professor Layton* we were being very ambitious—so we were determined to get the art right. We wanted our audience to be in awe of our work and made sure that every minute detail in the scenes was taken care of. The idea was to

continued on page 26

Focus on iPhone - Fruit Ninja

continued from page 23

In the Beginning

Fruit Ninja started its life way back in late 2009. I originally pitched the game as a part of Half-brick Friday, an initiative in which every other Friday the whole company gets together into small groups and knocks out a prototype. The spec for this round of projects was to make a single-screen iPhone game.

I wanted to make a super accessible game that anyone could play. I also loved the idea of creating a simple mechanic-based game that was addictive and could be played over and over, much like other App Store success stories such as *Doodle Jump* and *Flight Control*—games that required a lot of mechanic design, but didn't require developers to create a vast amount of expensive content to keep players engaged for the long term.

But what *our* game needed was an extra element to really help it stand out from the pack. So my concept was this: Let's kick it up a notch by adding a bucket-load of visceral satisfaction on every interaction.

G-rated gore, in other words. Child-friendly evisceration.

Inspiration came from an old late night infomercial for knives. To demonstrate just how sharp the knives were, the exuberant chef would throw a pineapple into the air, and slice it clean in half. Years later, my partner and I had used the same test to try out our first set of awesome sharp chef's knives, responsibly tossing tomatoes around the kitchen and making a fine mess.

Fruit Ninja's two greatest strengths are simple: The game has mass appeal, and absolutely anyone can play it.

After the initial pitch, *Fruit Ninja* sat frozen on the idea shelf for a while. The whole company was overrun with deadlines, and no one had time to get down to the business of creating the prototypes. During this time I was also put in charge of my own team.

Sensei injected a much needed layer of personality into a game where the only other characters are pieces of fruit.

When the new year rolled around, the entire team (apart another designer and myself) was reassigned to help out on a pressing deadline. We had originally planned to work on a pitch for an XBLA game, but with limited resources, made the call instead to try making two iPhone games within an extremely short timeframe and on an extremely low budget.

Our first step in the process was simple: brainstorm as many ideas as possible and then create a prototype for each idea in a single day. The theory was that if we couldn't bust out a flash prototype in a single day, then the project is probably over-scoped for the short timeframe we wanted to operate within. We attempted to create around 10 prototypes, six of which made it to completion over the course of two weeks. We then sent out all of the prototypes to the entire company and asked them to rate the prototypes from favorite to least favorite. *Fruit Ninja* came out on top. Some weeks later, with my team back on duty, we began work.

Power ups, Combos, new fruit and more have all been added in the numerous post release updates since launch.

For a game about slicing fruit, Fruit Ninja can be surprisingly taxing on the graphics capabilities of devices.

What Went Right

Fruit Ninja's two greatest strengths are simple: The game has mass appeal, and absolutely anyone can play it. This was in no way a lucky accident.

The whole mass appeal part of the equation was pretty simple. It came down to selecting the right project that would engage as many people as possible. To ensure this would be the case, we brought our Marketing Manager, Phil Larsen, into the project from Day 0. I say Day 0 because planning our general marketing strategy began before we had even

by Luke Muscat,
lead designer, Halfbrick Studios;
Brisbane, Australia

What our game needed was an extra element to help it really stand out from the pack. So my concept was this: Let's kick it up a notch by adding a bucket-load of visceral satisfaction in every interaction.

picked which project we would go ahead with. Phil and I worked together throughout development to ensure the game wasn't just awesome fun, but also pushed all the right marketing buttons. This developer-marketing approach was carried through the entire project, and has been an essential component of the 10 content updates we have released so far.

The next area of focus was designing a game with the widest possible accessibility. We wanted to ensure that anyone at all could play the game—and love it. The single best way I know of achieving this is pretty straightforward: Do a sh'load of testing. Our testing was simple and unstructured, but also extremely powerful. We didn't use formalized surveys, metrics tracking or anything else apart from simple observation and some common sense. As we worked on the game we continually and actively showed it to our partners, friends and anyone we could find. With such a simple game, we could easily indentify common problems and design elegant solutions, then test them out again a day or two later.

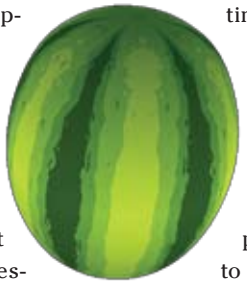
Over the Easter holidays, everyone took home a device with *Fruit Ninja* loaded onto it. With everyone's families together, there was no shortage of excellent play-testing candidates. Parents, grandparents and children of all ages were all exposed to the game. For many, it was the first time they had ever used an iPhone, and in some cases it was the first time they had played any video game. After returning to work from the holidays, we even walked down the street and enlisted complete strangers to play the game. After all, we were not targeting gamers or iDevice owners. We were targeting anyone who had a pulse.

By keeping the scope small and by playtesting extensively, we were able to pay attention to a ridiculous level of detail. Tweaking the way the fruit reacts in the air and how the splatter is displayed took up no fewer than two weeks of our tiny six-week development cycle. All three team members would huddle around a screen and watch a single fruit being sliced hundreds of times before making tiny little adjustments—and repeating.

It's important to not underestimate the importance of this. In a game that has a single action (slice fruit), it was essential that we knock the feel of it out of the park. The entire game experience really relies on the fact that slicing a fruit in half is inherently enjoyable, and it has paid off in spades. The average player slices over 2,000 fruit in a ninja career, while many more are northwards of the 100,000 mark. In total, that animation that we spent two weeks tweaking has now been experienced over 25 *billion* times.

The team itself was essential in working out the little details of the game. Our programmer, Steve Last, is not only a gun at programming, but he has an innate sense of what *feels* great. He implemented lots of critical tweaks without me ever saying a word.

Once again it's all about the details. Our artist, formally known as Shath, spent an obscene amount time tweaking the look of the inside of each fruit, making it look as delicious as possible. The pause button has been changed no less than three times, and although the changes are so minute that no one is likely no notice, it is invariably the little things that all add up to make the final package that now resides on over 5 million devices.



What Went Wrong

What went wrong? Honestly… not much. The game would not be a global mega-hit if anything major had gone wrong! That's not to say we are infallible (I can tell you hundreds of thing that have gone wrong on other projects). But in the case of *Fruit Ninja*, it all came together in a perfect storm. Everything just "clicked."

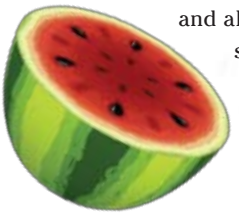
We had some minor hiccups, including our very first update which rendered the game unplayable for roughly 5% of our player base. The other surprise is just how much time and work it takes to keep a regular update schedule.

New devices and features such as the iPad, iPhone 4's retina display, Game Center and more constantly add to a list of expectations from our player base which is difficult to keep up with. Add to that additional platforms coming online (such as Android and Windows Phone 7) and you have more than enough work to keep a lot of people busy.

The Results

Fruit Ninja has been one hell of a rollercoaster ride. During those first few days after release, even as the game started to climb the charts, there is no way we could have predicted what a huge change it would mark for our little Australian company. Every small detail of the game and marketing had been carefully massaged to give us the best possible launch. But in a hit-driven market, there are no guarantees of success; no magical crystal ball that will tell you exactly how successful your game will be.

Fruit Ninja has now sold well in excess of 5 million copies across four different platforms, and sales are actually accelerating. New platforms are appearing and existing markets are expanding at a ridiculous rate. Although it takes a lot of time money and resources to manage these days, the absolute best thing about it is that it means we get to keep doing what we love: making awesome games. ❊



Focus on iPhone - Jim & Frank Mysteries

continued from page 23

get the audience hooked on the scenes as if they were flipping through a picture book. The iDevices lent themselves perfectly, and we were thrilled with the way the final art shaped up.

Before designing the game backgrounds we took time to finalize the timeline and geography of the game. We then studied the backgrounds of other games we admired, including *Oregon Trail* and *Professor Layton*. Next, we sketched the artwork on paper, and finally we transferred the work digitally. This painstaking work required about four days per scene, but it was worth it. In total, we designed 90 scenes in all to depict the various parts of the town Tinyville.

Character Art

Designing the characters was quite an ordeal for us. We were inspired by Flo from the *Diner Dash* series. In fact, we did some research into the process used in creating Flo and adapted it to help us design our main protagonists, Jim and Frank.

Prior to designing the characters, we listed all of the behavioral traits for each (confident, shy, funny, scared, etc.). We also listed each character's physical traits (short, stout, casual, wears glasses, etc). It was only then that we began sketching and then performing the digital translation. It took us about three days to create each character and its animation. We ended up with around 40 characters overall.

Prior to designing the characters, we listed all of the behavioral traits for each (confident, shy, funny, scared, etc.). It was only then that we began sketching.

A variety of puzzles help keep players engaged. The puzzles range in difficulty level and include various genres like Logic, Math, Jigsaw and Word. We went through a lot of puzzles to select the most entertaining ones that suited the iDevices.

Puzzle Differentiation

In order to appeal to a wide audience, we had to choose puzzles that would capture the interest of gamers across gender, age and race. We listed out puzzles that were to form the major chunk of the game. The idea was to offer a variety of puzzles—intellectual, logical, mathematical, etc.— while utilizing the iPhone's unique features—multi-touch, accelerometer—to enrich the experience of solving them.

Since some puzzles were more difficult to solve than others, we wanted to introduce hints for players to help them progress through the game. Our solution was to introduce in-game currencies—"Eurekas"— that were hidden within every scene throughout the game. Players needed to search for these camouflaged currencies and collect them to unlock the hints for puzzles. This brought a hidden-object element into the game. The intention was to let players experience every scene within the game while also easing the frustration that can come from struggling with a difficult puzzle. To further enhance interaction with the puzzles, we created the "Puzzle Den," a repository where all the solved puzzles are collected. The Den allows players to go back and re-solve any puzzle without having to run through the entire storyline again.

The game has over 70 puzzles in all. Each of the puzzles required about two days to build. We also created 10 additional mini games that were interspersed with the storyline. The mini games are skill-based tests of eye-hand coordination. The games include chopping wood for a woodcutter, collecting medicinal flowers from a pond, parking a car, collecting gold, etc.

Different parts of the town to be explored to uncover the mystery.

Getting the Right Music, SFX and VO

Prior to outsourcing the sound development for the game to Somatone Studios, we made a comprehensive list of all areas within the game that required background music and sound effects—day/night scenes, puzzles, mini games, climax and so on. What followed was an iterative process in which we collaborated with Somatone to review, modify (as required) and then finalize all the backgrounds music and SFX.

As for VO, we had to make a lot of compromises due to budget and size constraints. Since our game was already over 120 MB for the iPhone and 250 MB for the iPad, we had to finally settle for having VO only at the start and end of every chapter and for the climax scenes.

by Anila Andrade,
producer, 99Games;
New Udupi, India

Each scene was hand-drawn, converted to a digital form and then colored to create the right atmosphere for the game

Publishing

Since *The Jim & Frank Mysteries* was quite an ambitious casual title for us, we wanted to ensure that we recovered our investment. We were not confident that we could self-publish this title successfully, so we started talking to different publishers. To be honest, the publishers' interest and eagerness caught us by surprise. We finally settled with Chillingo due to the success of *Angry Birds*—and we have no regrets about the partnership.

Ultimately, it took us almost a year and a half to go from conceptualization, to finalizing the art, programming, testing and marketing the game prior to launch. And of course, we continue iterating, releasing updates, responding to the need of the hour.

What Went Right:

1. ***Partnering with Chillingo:*** Chillingo seemed to be the obvious choice, and partnering with them has worked well for us. With their help, we have gained a lot of visibility and recognition earlier than we could have anticipated had we published the game on our own.
2. ***Pricing the Game Right During Launch:*** Although the game was quite massive in terms of the production time and cost, in order to build buzz we decided to go with the $0.99 and $2.99 price tags for the iPhone and iPad, respectively. When virtually every reviewer asserted that the game was worth a lot more than $0.99, sales jumped further—and we found ourselves well positioned to increase the price of the game later.
3. ***Eurekas as In-app Purchases:*** The App Store allows users to purchase downloadable content (DLC) once they have downloaded a game. This option enabled us to generate additional revenue by allowing users to purchase additional Eureka packs (in case they ran out of them) to unlock hints to solve puzzles. Eurekas were also available as a hidden-object element within the game.
4. ***Listening to Internal and External Beta Feedback:*** The game contains four chapters in all. As soon as we had the first chapter in place, we initiated the beta-testing process. We had about 15 internal beta-testers who gave us valuable inputs to the game. We also got some insightful feedback from our external beta-testers. Just to cite a few of their suggestions that helped us improve the game prior to release:
   - Adding subtitles to cut-scenes to assist the hearing impaired.
   - Advising players that VO does not run throughout the game lest they misinterpret the limited VO as a bug.
   - Allowing players to skip the cut-scenes if they prefer to simply get on with the game.
   - Reworking (or scrapping) puzzles which were either too difficult or unclear.
5. ***Developing Pre-release Trailers:*** We worked on our first pre-release trailer for this game and it definitely helped in generating a buzz before the release. Additionally, the trailer helped us demonstrate the game to our clients and potential publishers.

What Went Wrong:

1. ***Scheduling Creativity:*** We did know that we might be attempting to bite off more than we could chew with this game. *J&F* was graphic-intensive, and we were yet to look for new designers who would be able to give us the art quality we desired. We began hiring new artists only once we had the requirements for Chapter One ready. We did manage to assemble a good group of artists, but trying out different art styles, designing, and scrapping was grueling and took us way off our schedule. If anyone has a good way to schedule creative work, please let us know!

We did some research into the process used in creating Flo and adapted it to help us design our main protagonists, Jim and Frank.

2. ***Working on Requirements and Development in Parallel:*** This game gave us our first experience of working on requirements and development in parallel. In a typical game development scenario, the concept and art are ready after which the development phase begins. However, in this case we only had the requirements of Chapter One ready when the development phase began. There were times when the developers were done with their work and were waiting for the art team to provide assets. We were racing against the clock!
3. ***Dealing with Publisher Constraints:*** Should we have self-published? While

Focus on iPhone - Jim & Frank Mysteries

partnering with an external publisher did help us with visibility, marketing and brand awareness, there were a few trade-offs we had to make. Just to cite a few:

- *We could not add our devices to the publisher's ad hoc profile:* We had to test the build with our profiles and pass it on to the publishers. They would then have the build tested from their end and then upload the build if it was fine. Frequently they would encounter issues that we were unable to duplicate using our profiles, resulting in numerous conference calls and emails to sort out the problems.
- *Issue with DLC IDs not being activated:* Since *J&F* was the first experience the publishers had with working on DLCs, it so happened that they missed sending the in-app purchase IDs to be reviewed by Apple resulting in our first version being released without the DLC being activated.
- *Factoring for Crystal SDK:* There were frequent updates to Crystal SDK—the community forum maintained by Chillingo and we had to send frequent updates to meet up with these changes. Additionally, achievements and leaderboards were introduced into the game much later resulting in delaying the project release further.
- *Different time zones:* Working on two time zones is definitely a challenge.

4. ***Factoring for the iPad:*** We attempted to have a simultaneous release of the game on both the iPhone and the iPad. In order to accomplish this, we had to stop iPhone development and put our full focus on the iPad development. Consequently, we lost a lot of precious time on iPhone development and ended up releasing a couple of months later than we anticipated. iPad was not even on our minds when we had started the project
5. ***Game Size:*** The game proved to be too large for end users to download. Initially, the iPad version was close to 400 MB (subsequently we spent a few weeks bringing it down to 250 MB).
6. ***Planning for Updates:*** We had a lot of variety introduced in the first version of the game itself and didn't plan for subsequent updates. Users appreciate games that have frequent content updates and invariably these are the games that do well on the App Store. We didn't have anything concrete to add in subsequent iterations and hence could not sustain the high interest level for long.

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Alawar Entertainment

COMPANY: Alawar Entertainment, Inc., founded in 1999.
URL: http://company.alawar.com
OFFICES: headquarters in Novosibirsk, Russia; offices in the U.S., Ukraine, Belarus and Poland
EMPLOYEES: 200+
GAMES IN PORTFOLIO: over 500, including 200 titles developed or produced internally

What started as two ex-classmates deciding to develop computer games back in the 1990s has grown into Alawar Entertainment Inc., a large international game publisher and distributor with a focus on the mass-market audience. Today, the publisher consists of six internal studios located in three different countries and several hundred employees assigned to producing, publishing and distributing games for PC, Mac, iPhone, iPad, Android, PS3 and a number of other devices—not to mention its work on social network games. Alawar's portfolio contains over 200 original titles, including the *Farm Frenzy*, *Treasures of Montezuma*, and the *Hotel Mogul* series.

Any smart publisher must provide effective means for wide distribution of their games. Alawar employs a distribution channel for downloadable casual games for the PC that consists of portals in over 20 languages and a large content distribution partnership network. Alawar was among the first to enter the casual games digital distribution market in Eastern Europe, and remains the leader in the area.

But Alawar is not done just yet. "We're currently extending our reach by developing sales channels in the US, Germany, Poland, Czech Republic, Finland, Spain, Israel, Turkey, the Baltic States and other countries." says CEO and co-founder Alexander Lyskovsky. Meanwhile, Alawar's products and platforms continue to grow steadily, as do the number of partners they work with.

"But it hasn't always been that way," Lyskovsky admits.

Alawar 1.0

It all started in the 1990s in Akademgorodok, Novosibirsk, when the two ex-classmates Alexander Lyskovsky and Sergey Zanin decided to develop computer games. "As university freshmen, Zanin and I thought developing games would be easy," Lyskovsky admits. "We had this desire, a dream, a studio with a beautiful and mysterious name, 'AB Initio Design Group', and three PCs."

While their computers might sound ancient compared to what's available today, SX 386s with micro-floppy disk drives and 40MB hard drives were cutting edge at the time. The young Alexander and Sergey purchased the equipment on credit, hoping they'd soon be able to pay off the charges by successfully publishing their games.

Their first project was a global strategy game similar to *Civilization*, in which the player built cities and roads, developed technology and battled for supremacy. The name *Art of Rule* was chosen accordingly. Their first project didn't work out so well, and the duo had to stop working on the game during development.

After encountering their first major roadblock, most start-ups would shut down and everyone would find another job somewhere else. Fortunately, the future co-founders of Alawar didn't give up. Instead, Alexander and Sergey began work on a new project, a comedic real time strategy game in a Slavic setting. Inspired by a Russian science fiction novel by Michail Uspensky, the game was titled *Svarog*. The team was deep in development on the title when the 1998 financial crisis hit Russia, causing many game studios in Russia to shut down.

"*Svarog* was three-quarters done when the bottom fell out of the economy," Sergey Zanin recalls. "Since the contract on the game was in Russian rubles, the money the team was hoping to make was all but worthless." At the time of the game's release, the quality did not meet the standards Lyskovsky and Zanin had set for themselves. Although they were able to secure licenses to sell *Svarog* in Germany, Holland and Ukraine, the game eventually flopped. "Worse, the Russian CD game market was nearly extinct," Lyskovsky adds. "Creating large-scale, expensive projects turned out to be a waste of time and money, since developers earned less than 20 cents per copy sold."

At the same time that *Art of Rule* and *Svarog* were in development, the studio found financial support in several small and unexpected projects, including a nuclear war strategy game for UNESCO (The Unit-

headquarters: **Novosibirsk, Russia**

Alawar founders *Alexander Lyskovsky* and *Sergey Zanin*.

Above: *Sergey Zanin (left) and Alexander Lyskovsky (right).*

Left: *Two young cowboys Sergey and Alexander at the New Year party for kids.*

ed Nations Educational, Scientific and Cultural Organization) and a platform title for a Canadian software company. These projects helped the company stay on its feet.

Also taking place at that time was the maturation of the shareware market in the U.S., fueled by anxious developers that had created their own small computer games and distributed them via the Internet under a try-before-you-buy license. Without the casual games conferences, specialty magazines or online game portals of today, small teams were still able develop simple games quickly and earn a profit by selling them in North America, the only place that allowed consumers to make purchases through the Internet at that time.

As a result, the shareware developer and publisher known as Alawar was born on April 8th, 1999. "That's our official birthday," Lyskovsky says. "We named the company after a village inhabited by underground dwellers in a novel about elves."

Casual Games: The Beginning

"The first few Alawar games contained puzzles only skilled programmers could solve," Lyskovsky remembers." So it was no surprise housewives weren't exactly keen on buying them." It took Alawar several unsuccessful projects and a near dissolution of the company for the team to learn an important lesson: simple games need simple rules.

As soon as Alawar stopped creating games that strained the average human brain a bit too much, the team started developing simpler titles that users could intuitively understand. Business picked up. In addition to selling their own games, they also started to sell titles made by other developers. The first externally developed game we sold was *Puzzle Ray*, developed by Alexey Shabalin from Tyumen in Siberia.

As a result, Alawar opened a publishing department in 2001, increasingly concentrated on selling third party titles. This was also when current President Andrew Postnikov joined the company as head of the publishing department. "While we continued to develop our own games for a while, the success of our publishing department, the positive experiences we had working with external teams and the development of solid partnerships radically changed our structure as a company, allowing us to reach new heights in our development," Lyskovsky recalls.

Without a doubt, Lyskovsky credits the release of *Magic Ball* as the key milestone in Alawar's early development. Developed by Dream Dale studio from Irkutsk in Siberia, the game became one of the first commercially successful 3D break-out titles in the world. "Our profits grew ten-fold in a single year," Zanin recalls. "And then doubled again a year later when we released *Magic Ball 2*. Having a high-profile product in our portfolio increased our position in the market in terms of distributor relations and as a publisher of casual games of external developers."

Today, game publishing remains Alawar's main specialty. "The story of our evolution to a leading casual game publisher is comprised of hundreds of stories, each centered on an individual project with its own story," Lyskovsky says. All those stories together tell Alawar's larger tale about building constructive relationships with developers, searching for poten-

Alawar

Between 2006 and 2010, the annual casual games market in Russia grew from $500,000 to $30 million. Today, according to their own estimates, Alawar holds a 75 percent share of the Russian casual games market.

tially successful teams, assisting and supporting the development of their projects, creating a world-class publishing infrastructure (including QA and localization services) and offering marketing and product management. In essence, the publisher's goal has been to create the administrative and legal foundation that allows their partnering developers to set aside any thoughts or worries about the management issues that surround their projects and do what they do best, create games.

Distribution in Russia and International Expansion

By 2004, Alawar had become one of the world's respected publishers of casual games and had partnerships with about 30 development teams. "The decision to create and develop our own sales channel was a logical extension of our publishing activities," Lyskovsky explains. The U.S. casual games market had become extremely competitive by then, so Alawar turned their attention to the Russian segment of the Internet (Runet), where casual games were still in their infancy. The publisher registered www.alawar.ru domain in early 2000 and began active development of their Russian casual games portal in 2004. Roman Polyak, business development director, was the head of this ambitious project, which he chose out of a dozen projects offered to him.

"Despite having a large catalog of games selling well in North America, we knew it would take time to succeed on our own soil," Polyak says. "Russia was lagging behind in the development of the Internet and modern electronics, and no one knew about our games." Although Alawar's site supported 16 different ways of payment, all were equally inconvenient for their users. "So we spent our first two years on Runet creating the distribution mechanisms, advertising casual games as a fun new form of entertainment, and preparing to launch our affiliate program," Polyak explains.

The user unfriendly situation surrounding payments changed in Russia around 2006, when SMS payment systems made their entry. "We were one of the first companies to accept this method of payment, and we began using it extensively," Lyskovsky says. "The results surpassed our wildest expectations." Between 2006 and 2010, the annual casual games market in Russia grew from $500,000 to $30 million. Today, according to their own estimates, Alawar holds a 75 percent share of the Russian casual games market.

Alawar's rapid growth on Runet was also made possible through their affiliate program, which allowed other websites to sell Alawar's casual games through a revenue share model. While some owners of small websites were among the first to test it, they were quickly followed by larger companies such as Mail.ru, Rambler.ru, Cosmo and others.

The success of Alawar's network on Runet, along with its partnership distribution technologies and its white label solution for the creation of online casual games stores, enabled the company to start distributing casual games in new markets around the world. In 2010, over 15 websites were launched to sell casual games in local languages, with each supporting local methods of payment.

Serials, Mobility and Multiplatform Approach

Alawar noticed that people have a sequential way of thinking, enjoying returning to the worlds they like and stay there, "Sequels and prequels of brilliant products are not only great ways of attracting people to the movies, but also to the game industry," Lyskovsky reasons. "One of the most important jobs of a casual game publisher is to foster the development of a title's sequel and stir up anticipation among consumers for the next installment. It's a lesson Alawar first learned with the *Magic Ball* games."

Alawar has been responsible for creating several other brands since their early years, with each one strongly identified with the company. Their most successful sequel is the *Farm Frenzy* line of games developed by Alawar Melesta, their Minsk-based development team, under the direction of Kirill Plotnikov, Alawar's vice president of publishing.

The first *Farm Frenzy* game was released for the PC in 2007. Today, its sequel is available in over 20 languages and on multiple platforms, including the Nintendo DS, iPhone, iPad, Android, Blackberry, J2ME and WP7. In total, Alawar has sold over 2.7 million *Farm Frenzy* games. It has also extended the *Farm Frenzy* brand onto the social networks with *Farm Frenzy: Neighbors*, with further releases of *Farm Frenzy* scheduled for PSP, Bada and other game platforms.

Farm Frenzy has become one of Alawar's most successful and award-winning franchises. It was named Best Casual Game at the 2008 Russian Game Developers Conference, has won Disney Corporation's iParenting Award for being a great family title, became "Top App of 2009" application in OviStore and has also won several more awards.

Due to customer demand, mobile platforms have become one of Alawar's most recent areas of focus. This was due to the publisher's findings on the changing tastes of consumers, and the emergence of smartphones and tablet computers.

With the addition of mobile platforms, Alawar expanded from being a publisher of downloadable PC casual games to being a multiplatform publisher and distributor. At the end of 2010, Valentin Merzlikin took over as vice president of mobile platforms, and transferred his PC and Mac games partners' relations responsibilities to Daria Yurashanskaya.

"We have a lot of work to do to become a leading mobile games publisher," Merzlikin admits. "Developing high-quality games won't be enough." Alawar's biggest challenge in establishing their mobile publishing efforts is to work out their internal sales channels within the popular application stores. Alawar is also devoting a lot of time to developing relations with our customers and growing a subscriber base.

Since Alawar's work with their partners allowed the publisher to become one of the leaders in the market for PC casual games, releasing only their own titles in the mobile space would be a major limitation. The publisher also aims to actively publish the games of external developers, including titles based on both Alawar's brands and their own.

Looking Toward the Future

The Alawar story began with two guys dreaming of making games. Since then, Alawar has grown from a staff of two to over 200 and each employee has his or her own story that's tied to the publisher's history. For example, Maxim Mihaelis, head of the social network games development group, has been working at Alawar since the beginning. He helped to create the first casual titles and has also served the roles of art producer and art director. While currently developing Alawar's social division, he continues to oversee Alawar's art department.

"People like Maxim are at the core of our success," Lyskovsky asserts. "We aim to fill each position at Alawar with someone who's not only uniquely qualified to do the work but also enjoys doing it. Enthusiastic, results-oriented people can take you where you want to go."

Alawar's internal development studios have also played an important role in the publisher's growth. The first team to join Alawar was Dream Dale in 2007. Barnaul-based Stargaze Interactive, creators of *Twisted Lands: Shadow Town* followed later that year. In 2008 both *The Treasures of Mystery Island's* developer Dneprodzerjinsk's Five-BN and Novosibirsk's Friday's Games, the creators of *Natalie Brooks* series were acquired. Melesta came aboard in 2009, and Dnepropetrovsk's Alawar Southpoint, developers of *Hotel Mogul* stepped under the Alawar umbrella in 2010.

Today, Alawar's internal game catalog contains over 200 titles, including a hefty number of sequels to Alawar's most popular titles.

Alawar believes the future is multiplatform entertainment, digital distribution, and maximum care for each customer, no matter where he or she is. Throughout 2010, Alawar has revised their business processes, performed experiments, analyzed their experiences and lessons learned, looked for any possible growth points and prepared to start all over again.

It has been 13 years since Alexander and Sergey purchased their SX 386s with a dream of entertaining millions. With a successful 2010 behind them, Alawar is planning a strategic triple jump with grand plans for the future. ❊

Shaping the Games Market in 2011

The Founders of GameDuell Share Their Views

Eight years ago, Kai Bolik, Michael Kalkowski, and Boris Wasmuth started GameDuell in Berlin. Today, GameDuell is one of the world's largest social games communities. This interview provides a short overview of the latest developments at GameDuell and the trends the founders see for the games market in 2011.

By Nikola Günther

„There is a shift towards higher quality content and user retention on all platforms“

GameDuell was founded in 2003. If you look back to the first days, what has changed since then and what is the key for a successful future?

Kai Bolik: After we had reached our first goal, becoming Germany's biggest games website, we have pushed the international growth. Today GameDuell is available in 7 languages and 9 countries. In addition, we are expanding strongly across different platforms. We serve three social and four mobile platforms now. Connecting these new business areas to the monetization on our own destination sites gives us a lot of leverage. Games are universal as a form of entertainment. Nevertheless, small differences decide whether a game will take off in a market or not. To this day, we focus on great user experience and monetization. This focus includes catering to local and platform differences and is one of the reasons for our international success.

How big is the challenge to offer your product on so many different platforms?

Boris Wasmuth: When you start off, you certainly have to adapt the games to the individual needs of each platform. But in the end, they are not so different. On GameDuell we have always focused on building a community around the games, a destination where people are united by a common passion for their favorite games and tournaments. Social networks have communities as well. However, they consist mainly of already existent relationships. This is a big advantage when it comes to playing games as people love to compete with their friends. Therefore, our classical tournament- and competition-driven approach works really well on social platforms. The other way round, we have transferred innovations from our social business, like virtual items, successfully to our tournament platform.

Successful on Facebook and iPhone: Cleopatra's Pyramid

How do you compare the process of developing games for social platforms and your own tournament platform?

Michael Kalkowski: Both platforms have one thing in common: we deliver games as a service. The development does not stop with launching a game. All things happen really quickly so we need to act and adapt in a very agile manner. Generally, we do a lot of market research and listen to our users as we develop and before we market our games on any platform. On social networks we have to consider more the external factors: what our competitors are doing and what changes and innovations Facebook is introducing literally the minute before we plan to launch a new game. We have learned that even greater flexibility and speed are needed to perform well on social platforms.

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What are the biggest factors that will shape our industry in 2011?

Kai Bolik: As growth and marketing opportunities on social networks have normalized, we are seeing consolidation in the market. There is a shift towards focusing more on higher quality content and user retention on all platforms. Smaller companies have to seek alliances for user acquisition or concentrate on niche segments. Larger players, like GameDuell, with strong monetization, cross-promotion and cross-platform capabilities have a competitive advantage.

Mobile seems to be the latest trend in games. You have published 9 mobile apps. How do you see the development in 2011?

Boris Wasmuth: The iPhone and of course the iPad will continue to be important game devices. However, there seems to be industry consensus that Android will be the #1 platform, not only in number of devices but also in number of apps and usage. Still, monetization on Android remains a challenge as there are still few proven concepts for earning significant money on the Android platform. Also complexity is higher as there will be at least four different Android stores very soon and a publisher has to fulfill the individual demands of each store.

User Engagement Loop: Access across multiple platforms is relevant to the users

Do you see Android as an opportunity for you?

Michael Kalkowski: As a leading games company it is important to offer our services on the most popular mobile platforms and right now, we assume that in the future, this will be Android. Android is definitely a great opportunity for us because our users are very connected nowadays. They want to increase their high scores on Jungle Jewels while waiting at the bus stop and they might want to harvest their tourist island (in Island Escape) while they are on the go. Technologies that enable this will be one of our main development areas this year.

And taking it a little further, where do you see GameDuell in two years?

Kai Bolik: We strive to supply a better game experience to our community every single day. We want to stay on the forefront of social games across various platforms worldwide. This is a big challenge that we are ready to tackle. Therefore, we are constantly reaching out to partners, suppliers and new employees that want to join our team of more than 170 game enthusiasts on this great journey. ■

GAMEDUELL FACTS & NUMBERS

GameDuell Co-founders: Boris Wasmuth, Michael Kalkowski, Kai Bolik

• Founded:	2003
• Customers:	More than 20 million registered members
• Traffic:	10 million unique visitors per month
• Team:	170 + employees and full-time contractors
• Games:	50+ casual games developed in house
• Marketing:	1.000+ partners, portals and sites
• Revenues:	Transaction, subscription, sponsoring, virtual goods
• Website:	www.gameduell.com
• International:	Available in 7 languages

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Exclusive Interview

From the Frontlines of the Free-to-play Games Invasion

A Fireside Chat with **Ben Cousins**

Interview by Jussi Laakkonen, founder & CEO of Applifier, a cross-promotion network for social games

Joining EA during the roaring times of the publisher's early interest in free-to play-titles back in 2007, Ben Cousins was able to quickly rise in rank and play a key role during the first of many steps that were taken by the publisher to set up their strategy towards the free-to-play market. After the experienced British producer received the opportunity to work on EA's *Battlefield Heroes*, a free-to-play spin off of the franchise created by the EA's DICE studio, Cousins also made the definitive choice to leave retail products behind and fully devote himself to digital instead. Those and many other choices he made throughout his time with EA have given Cousins both industry wide praise and a decent number of promotions in the past couple of years. Cousin's current mission? To turn *Battlefield Play4free* into the biggest client-based free-to-play game in the western world.

Jussi Laakkonen sat down with Ben to get his perspective on subjects such as the free-to-play phenomenon, surprising demographics and the future of digital.

Q&A

EA acquired Playfish in 2009 to get a head start in social games. Ben believes it is still a great distribution platform for independent developers.

JUSSI LAAKKONEN: At GDC 2010 you delivered a compelling presentation (http://bit.ly/amwfBf) in which you argued that the free-to-play, browser-distributed gaming is a disruptive force that will shake up the games industry. Why is that? What's going on with the game players?

BEN COUSINS: People in the core games industry are underestimating the impact the Net will have on their audience. If we look at other historical business environments (in my talk I looked at the rise of the supermarket as car ownership increased in the US in the 1930s), we discover that consumers are often happy to take a drop in quality in return for a lower price and/or more convenient service. When a new technology accelerates the convenience of something, incumbent companies are often surprised to find their customers moving over to an "inferior" competitor.

The Internet makes cheaper, more convenient versions of games available to core consumers (an example would be

Top: Combat Arms, Nexon
Bottom: Call of Duty, Activision

Nexon's *Combat Arms* as an alternative to *Call of Duty*). Traditional publishers ignore these titles because they are "lower quality," without understanding that quality is only one factor consumers consider when making a choice.

JL: With *Battlefield Play4Free*, you're trying to bring a high quality HD first person shooter experience into the free-to-play model. Is having high definition graphics the next and only step to expanding the free-to-play model beyond its aforementioned 'low-budget reputation'? What other game elements beyond HD graphics should other developers focus on?

BC: The HD graphics are actually a bit of an accident. We wanted to get a modern combat

Ben Cousins

style shooter out in the market ASAP because we see other publishers doing well in that space. The quickest way for us to launch a game was to bring in assets from other Battlefield games like *BF2* and *Bad Company 2,* and these assets happened to be quite hi-res. Add to that the fact that the Easy team just loves building quality titles and will make little touches like post-processing filters even if you don't ask for it, and we ended up with something really nice.

Aside from production-values going up, I expect the next big wave of the more core-gamer focused free-to-play games will have deeper social network integration to drive viral acquisition and retention, and perhaps the use of 3D-in-a-browser tech to reduce the drop off we all see between registration, download and installation of the game. Another non-development related way of expanding audiences is to engage in strategic partnerships with other distributors to expand into new territories and demographics.

JL: I remember the "Hype or Real Deal?" panel at Casual Connect Europe 2006, where 99% of the panelists and the audience believed that the "weird" Korean free-to-play model would never succeed in the Western markets. Fast forward just four years: Zynga is killing it and EA's *Battlefield,* a long time love affair for hardcore PC gamers, has a cartoon-styled, free-to-play spin-off. What do you think is the state of the art in free-to-play in the Western markets, and how do you see the space developing?

BC: Let's look at game design, marketing and monetization.

For design, it's hard not to be impressed by what Brian Reynolds' team has done with *FrontierVille* at Zynga. It's a very polished, smartly-designed, really charming game with optimized compulsion loops, viral mechanics, and scope for a long life-span of content, determined by the user. Great stuff.

On the marketing side I can't help but notice the extremely aggressive ad campaigns of *Travian* and *Evony.* I don't have much insight into whether these campaigns are profitable—but there's obviously huge commitment, constant refreshing of the ad content, and super-aggressive strategies going on there as they fight for the number one browser strategy spot.

As for monetization, I'm going to blow my own trumpet here and suggest that *Battlefield Heroes* is the current state of the art in the Western world because of its approach to store catalog and merchandizing. We have a huge selection of items, and we refresh very regularly with culturally-relevant clothing bundles and tie-ins with big EA titles. We have great merchandizing as well. We require all users to launch the game via the website, where we use in-house ads to push items, we have time-limited "Hot Deal" offers and a time-limited first-time funding bonus, and we offer free funds and items to people who refer friends to register for the game. In addition, we have a full store in the game front-end and an in-game store accessible at any time with a single button press. We even push offers to users after they've been killed.

Battlefield Heroes succeeded in raising the ARPU 5x by broadening the item catalog and adding functional items.

Since launch, our monthly ARPU has gone up five times as a result of the addition of all these features and content. The only place we under-index compared to the competition is with payment instruments, and our recent Live Gamer deal should fix that.

Ben Cousins

As for the future of this business model, I think we are still scratching the surface of what types of virtual goods people are willing to buy. People are also becoming more willing and comfortable buying virtual goods. At the same time, we are seeing the hardcore gamers move into this space, while the grandmas and mums are introduced to gaming through Facebook. In developing markets like Poland and Brazil, users skip the console altogether and come directly to us.

So the audiences will increase, and the ARPUs will go up, which means teams will be able to make bigger bets, the games will be bigger, with improved content and features and more polish. In the next few years we'll have Nintendo-like quality on Facebook with games there as deep as *The Sims* or *WoW,* and in the core-gamer space we'll see free-to-play games with PS3-quality graphics running in a browser on a $200 laptop.

A big lessons learned was that core gamers will also play free-to-play games, even if they are designed to be significantly more casual than the traditional console offering.

JL: Social games seem to get all the press, but there is a lot happening outside of the social networks. Nexon has success around the world, and Bigpoint has 165 million users on their portal. User acquisition is the lifeblood of these and every other destination game site. How do you see the distribution of free-to-play games evolving? How can you make self-publishing work, or should you just go with a traditional publisher-developer model?

BC: Facebook is actually emerging as a kind of boiler-plate publishing platform for self-publishing. It's covering lots of things which have previously had to be built from scratch. They have a registration flow, user data storage, friends list, user-to-user messaging, community features—and now with Credits they even have monetization. For an independent game developer, this is starting to look like a solution for getting to market fast with a full end-to-end publishing platform for your app.

There's also the possibility of working with another partner like BigPoint or other portals to drive users, but at the end of the day, unless your viral mechanics are amazing, or you have a big IP like *Battlefield* or *Tiger Woods* to drive awareness, you are going to have to commit to a large ad buy (as a proportion of forecasted revenue) to build an audience. It's a cutthroat world out there.

JL: What have been the biggest lessons learned from *Battlefield Heroes* (a game that you championed within EA)? What advice would you give developers and publishers now re-envisioning their existing IP for the online, free-to-play model?

BC: Our single biggest lesson has been one of understanding our target audience. We assumed that the core gamers wouldn't want to play a free, simplified version of *Battlefield.* As it stands, 75% of our users are core shooter fans. We then thought this must mean we are cannibalizing our customers of EA core shooters. This is also an incorrect assumption—the biggest ever period for the core *Battlefield* games and for *BF Heroes* was the launch month of *Bad Company 2.* Both titles had record sales. Buzz for one game feeds the other.

My advice to people now re-envisioning their IPs for free-to-play: Wow—you guys are late. You have a lot to learn. See you in three years.

JL: There was a very vocal backlash against virtual goods by core gamers who saw item-based monetization as cheating and ruining the game-play. Yet tens of thousands lined up to buy the Celestial Steed for $25 on *World of Warcraft* just recently. Is there really a chance of ruining your game-play by going all out with virtual goods? What are the dos and don'ts?

BC: We jumped into the hot water with both feet in *Heroes* when we started selling more powerful weapons and advantage-giving "widgets" in December. If you read the forums and various knee-jerk pieces in the press, you would have thought that we'd killed the game. In actual fact we increased our ARPUs *and* our user-base that month!

It's a fine balance between keeping your free players entertained and letting the paying users get an advantage in the game. We'd probably never sell a "kill the rest of the team" button or any items which gave a seriously frustrating advantage to a paying player, and a skilled free player in *Heroes* can still take out a less-skilled paying player in a one-to-one battle. However, the biggest

mistake people make is being too nervous about selling advantages. We have found people will accept it more than you think. It's basic human psychology.

JL: On that note, what kinds of items do you see driving most monetization? Why?
BC: You need a blend. All consumers are different at different times, and the bigger your catalog, the more choice and opportunities to spend big. What we find works is a blend of: convenience items that are a weekly/monthly cash sink to keep players progressing at a competitive speed, consumable items used when the player feels threatened or frustrated in the moment, advantage-giving items to turn the tide of battle, and visual upgrades to stand out from the crowd.

People buy items to overcome deliberately-engineered frustrations in the game, to overcome or avoid the frustration of being dominated in competition by other players, and to simply show off and peacock to the community.

People buy items to overcome deliberately-engineered frustrations in the game, to overcome or avoid the frustration of being dominated in competition by other players, and to simply show off and peacock to the community.

JL: Many companies that have made the transition from boxed games to online games remark on how different it is to run an online service. What kind of team and competencies do you need to build and operate a successful free-to-play game?
BC: We much prefer this way of working. You get the game out faster and get user feedback during development—not later when it's too late. Compared to the way we work today, traditional "fire and forget" development feels like very risky, uneducated guesswork.

In addition, you need a team that is willing to be in it for the long-haul. We tend to work at a constant, medium tempo rather than "crunch and crash"—which doesn't suit everyone.

Our biggest innovation/competency has been around developing a project-management structure that supports a live service—creating that habitual loop between analysis, development and deployment to make sure you are always working on the right feature.

JL: Being the GM for Easy Studios has given you a lot of freedom and influence to direct the next step in EA's free-to-play strategy.How are you planning to use this to the fullest to make the best free-to-play titles to date? Will those feature existing franchises or actually result in new IPs as well?
BC: Our big bet is *Battlefield Play4Free* so I'm putting my full force behind that title to try and make it the biggest client-based free-to-play game in the Western world. If we hit big with that game we'll be focusing on expanding that title out, improving it against the key performance indicators and continuing to innovate all the publishing services around the game.

Phenomic (creators of *Battleforge* and *Lord of Ultima*) are also working on a new strategy game which will ship in 2011 and is an extension of another large EA franchise. After we've launched those two titles and observed how they and the market are developing, then we'll look to our next steps. These could include new IPs or be extensions of existing EA franchises.

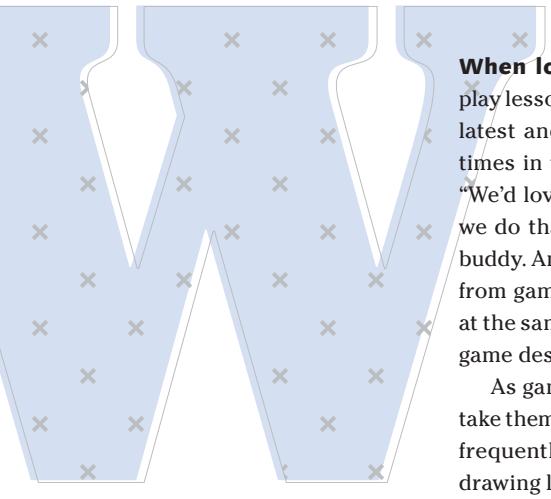
EA's Battleforge uses a collectible card game mechanic to drive item sales, which facilitates features like built-in rarity, trading and booster packs.

Lord of Ultima is EA's first browser strategy game. Developed by EA Phenomic, the game provides a rich UI without any plugins, as well as deep gameplay.

JL: You've worked over a decade in the games industry at companies like Lionhead, Sony and Electronic Arts. You've seen three console generation transitions and you are now on the frontline of the free-to-play disruption. Something tells me that free-to-play isn't the final word on games—that we'll be talking about some new disruption pretty soon. Is there anything in your crystal ball?
BC: Here's my prediction: Embedded computers will become standard in TVs, running HTML 3D in a browser. And they'll kill the console business. ❊

Let's Kick the Ball

What Sports Can Teach Us About Casual Game Design



When looking for design inspiration and gameplay lessons, it's quite tempting to simply look at the latest and greatest hit. I can't tell you how many times in the last year that I've heard a client say, "We'd love to do something like *FarmVille*. How do we do that?" You and everyone else in the world, buddy. And valuable lessons can certainly be drawn from games like *FarmVille* and *Millionaire City*. But at the same time there can be tremendous value for game designers in looking farther afield.

As game designers we play games and mentally take them apart to learn from them. Game designers frequently gather together to play board games, drawing lessons and inspiration from complex new fare like *Settlers of Catan* and *Puerto Rico*. But there's an entire breed of wildly successful games that we game designers all too often ignore: sports. Sure we may enjoy playing them or donning a jersey and rooting for our favorite team, but we rarely look at sports on a formal level. Instead we treat them as entertainment and ignore the professional lessons embedded within their rules. Perhaps that's because we write sports off as games too dominated by their physical components to offer the deep strategy or the complexity of a board game. But when you look at sports as game systems you realize they have incredibly beautiful and polished rule sets. Today's popular sports, from soccer to basketball, have stood the test of time en route to attracting millions, if not billions, of players and fans worldwide. The big question is: Why are certain sports so popular, and what makes them such good games to play and even just watch?

Sure, sports have been translated into video games since the dawn of the digital medium and *PONG*. But these re-creations are often just simulations of the original sport and can miss the pure simplicity of the play mechanics at the heart of the original sport. Take the *Madden* football franchise for example. It looks like football. It most definitely captures the byzantine strategies of play-calling in modern football. But it lacks the playful quality and direct call to action of football: run through and from your opponents to get to the other side.

What qualities of sports allows them to be adopted so widely? What do games as different as basketball and soccer have in common that point to guidelines for designing casual, accessible gameplay?

Basic Elements of Sports

We often think of game sports as limited to the province of skilled players—the hardcore who have dedicated hours to perfecting the physical skills necessary to play the game. This is the fallacy of professional sports. Of course you and I can't play basketball with LeBron James and hope to win. But neither could we play chess with Kasparov or *Bejeweled Blitz* with the top ranked *Bejeweled Blitz*er and reasonably think we'd come out on top. Most people playing sports are playing at a rather basic level. And for the most part they enjoy themselves just as much.

Sports offer game design lessons particularly salient to casual game designers. As casual game designers we try to create games that will appeal to a wide audience no matter their previous knowledge of gaming. To reach that wide audience we must offer an instantly accessible and enticing experience. Sports must do the same thing. Some games are so accessible that the core game mechanics seem almost elemental.

If we look closely at both basketball and soccer, reducing both games to their basic elements and stripping out much of the formality associated with professional play, we can begin to see interesting parallels. What is the basic element of play in a sport? That element of play is often what attracts us to the game. Soccer is all about kicking an object to move it around (or you could say a bit more formally, no running while holding the ball). And a bit more specifically it's about kicking an object at a designated goal. Soccer evolved from Medieval ball games like Mob Football, becoming a type of game played at schools across England. Each locale played a similar

by Greg Trefry,
founder, Gigantic Mechanic;
Brooklyn, New York

game, but with varying sets of specific rules that weren't formalized until the mid-1800s.

Medieval Mob Football

Kicking a ball back and forth with a friend can give you a sense how the game of soccer might have evolved. Two people stand in an open space with a ball. They begin knocking the ball back and forth with their feet and quickly agree not to pick up the ball with their hands. They'll focus on kicking it. The ball's a bit too big to easily hold and toss. You can kick it so much harder and farther than you can throw it. So kicking feels right. Tired of simply passing the ball back forth, one person points to the side of a wall in the distance and lays down the challenge: "I bet I can hit that wall with the ball before you can." And from there it's on. Eventually you'll need to lay out rules about off-sides, goal kicks and the height of socks to be worn in official FIFA-sanctioned games. But the core of the game is there. The natural impulse to kick the ball is satisfied. The players have a clear call to action—hit the goal with the ball. And they can play the game anywhere. They don't need a regulation goal. They can pick any object as the goal. Heck, they don't even need a ball. They can use an old milk jug (or pig's bladder as Englishmen of yore did). And the formal version of soccer boasts only 17 laws governing the game.

In contrast with soccer, which boasts a much longer and more dispersed evolution, we can point to James Naismith as the designer of basketball. Naismith taught at a YMCA in Springfield, Massachusetts. He was tasked with inventing a new sport to be played in the YMCA's gymnasium during the winter. For the first game of basketball played in 1891 players used a soccer ball. But instead of outlawing the use of hands, Naismith's first rule of basketball stated that "the ball may be thrown in any direction with one or both hands." Presumably a player may have tried to kick the ball, but surely all involved quickly realized hands provide much better control.

The main object of the game was laid out in rule number eight: "A basket shall be made when the ball is thrown or batted from the grounds into the basket and stays there, providing those defending the goal do not touch or disturb the goal." This core goal, like soccer, seems to stem from a natural action: that of throwing an object into another object. The historical record suggests basketball may have been inspired by folk games like Duck on a Rock or even Mayan religious rites such as *Pok-a-tok*. But it quite likely derived as much from wadding up a piece of paper and tossing it into a garbage can. From the time we're children we're constantly throwing some objects and placing other objects into containers. And sometimes we even throw objects into containers. Once again we see a game with a clear core mechanic that borders on elemental: throw an object into a basket. The rest of the game and ultimately the richness of basketball evolved from these simple rules. The rest of the rules elegantly complicate how you might go about throwing a ball into a basket—for instance, by outlawing moving with the ball and by sticking five other guys in your way.

Mayan Pok-a-tok

With all of the choices out there for play, a game must offer a direct and distinct mechanic to quickly hook players. When a game asks players to do something they naturally want to do, it has already won half the battle.

Lessons for Game Designers

From looking at these sports and others we can begin to point to some key elements of sports game design directly parallel with what I see as the edicts of casual game design:

- Tap into a clear natural mechanic.
- Provide clear calls to action by allowing players to do something with an object that they naturally want to do: bounce it, throw it, kick it, match it, bop it, etc.
- Limit the game to simple rule sets that you can easily remember.
- Provide a game-play system that scales with interest and involvement.
- Make sure the game has very low barriers to entry.

These attributes allow a sport to be easily adopted by new players and even casual observers. When a game demands that players do something they naturally want to do, it has already won half the battle. Perhaps the hardest part of getting any player to adopt a game and start playing is the initial hurdle of explaining what they should be doing and learning all the rules. So if you can satisfy your players' natural desires and limit the number of rules they must remember, you can quickly draw them into the game. Like all games, sports have a very short time to hook players. If anything, sports face a tougher challenge than a board game. Not only must players learn a new rule set; they also frequently must learn a new skill. And players must remember all of the rules while they run around and dodge balls kicked at great velocity. All that running makes it much harder to interrupt the flow of play and consult the rulebook for refreshers. So, the more natural and enticing that skill is and the better it entwines with the rules, the better chance the sport has of successfully engaging players.

These requirements are not unlike the demands put upon casual games. With all of the choices out there for play, a game must offer a direct and distinct mechanic to quickly hook players. Think of a game like *Angry Birds*. Despite being a fairly hard game at higher levels, the game has drawn in millions of players. Like a sport, it offers a simple and clear mechanic from the outset. From the moment you draw back the slingshot and watch your first bird arc across the screen, the game becomes clear. And you naturally want to sling those little birds across the screen. Because, well, flinging stuff with a slingshot is fun. The designers at Rovio Mobile seem to be following a set of edicts similar to those that appear in sports design: be clear, concise and natural. The game also scales well with player interest. Over the hundreds of levels, the game can demand ever greater precision and skill from the players willing to refine their skill at slingshotting virtual birds.

NaturalMotion's *Backbreaker Football: Tackle Alley* for iOS and Android interestingly bridges the world of sports and casual game. Originally conceived as a paired-down tech demo of the full console game *Backbreaker,* the mobile version took off, becoming a top ten hit. Without the complexities of the aforementioned *Madden* series, *Backbreaker: Tackle Alley* strips football back down to the elemental level of running through and from your opponents. The game offers a very clear call to action: run from the guys chasing you towards the end zone. The game doesn't complicate this core mechanic with much complexity about plays and strategy. By maintaining the simplicity of the action, the game offers a much more casual and accessible experience of football than the management SIM of *Madden*. *Backbreaker* feels like football, because it feels like running and dodging.

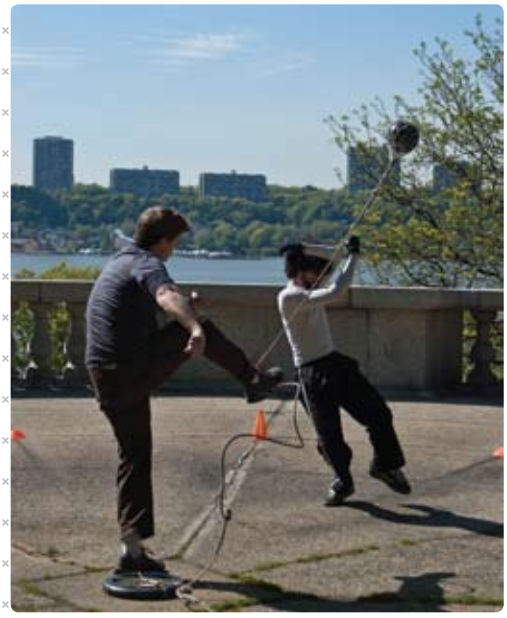
Backbreaker Football: Tackle Alley. Addictingly simple mechanics of the game suggests you run from the guys chasing you to the end zone.

Designing a New Sport

Some video game designers are even learning firsthand the value of trying their hand at sports design. Charles Amis, a video game designer for E-Line Media and one of the driving forces behind the online game *Gamestar Mechanic,* believes game designers could learn a lot by trying to design a sport. He should know. He invented Chamball, a sport he's been refining and polishing for several years now. Chamball plays like a fighting game mixed with tetherball and dodge ball. In Chamball, a volleyball is tethered to the ground by a long rope. Players compete to control the ball and then throw, punch, swing and even kick it at the opponents. Players can block the ball with their forearms and shins. But a hit anywhere else on an opponent earns you a point.

Chamball started somewhere quite different though. In its original incarnation it was played in a squash court, and players controlled the ball by punching and kicking it off walls. Charles drew inspiration for the sport from play-fighting and martial arts. "I built the mechanics around friends wanting to fight each other without getting hurt," he said of the original conceit. "It may sound funny, but I loved the feeling of punching a soccer ball and seeing it soar into the air. It occurred to me that players could maybe punch and kick a ball and try to hit each other with it instead of trying to hit each other's bodies. That ended up being the core mechanic for the original Chamball. The ball becomes a sort of fight moderator that translates the action but softens the blows."

Chamball eventually moved out of the squash court. After disputes with some irate squash players protecting their turf and futile searches for available squash courts, Charles evolved the game to make it more accessible. "This is when it dawned on me that Chamball just wasn't an accessible sport in the first place. You could only play it if you had access to something like a squash court, which is



Chamball players block with their hands and forearms *(Source: http://chamball.org)*

very rare. I didn't want to make an elite game that only a few people could play; I wanted to make a sport that everyone could get their hands on and wrap their minds around." The move outside led to the inclusion of the tether and the addition of more cooperative elements, ultimately improving the game in Charles' opinion.

When asked about the difference between designing a sport versus a video game, Charles points to the extreme difference in dealing with possibility space. Unlike video games, which limit player actions by only allowing for prescribed inputs (like pushing a button), sports allow for a much wider array of actions. "Sports are more about limiting the near infinite actions we can perform in real life. You have to consider fouls and penalties for all of the ways the rules can be broken, but also try to keep your rule set small, simple, and clear—especially for a new sport. If you find that newcomers all seem to break the same rule, you should look into why that is and how you can change the rule, the explanation, or the incentives for creating the behavior and experience you're going for. If players are having more fun when they ignore one of your rules, that's a big indicator that things may need to change." This all gives the designer more information and also more challenges to work with.

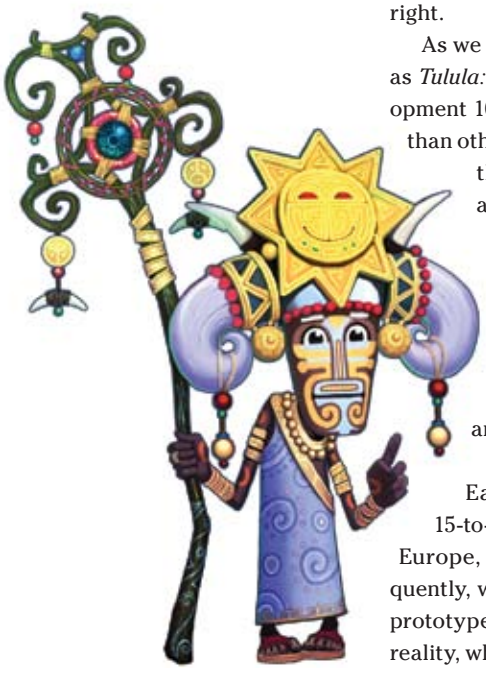
"I encourage all video game designers to try their hand at designing a sport. It's a great test in explicit rule design, constant play-testing and iteration, and guiding players' natural instincts into incredibly fun moments. Watch your players, find the moments of fun, design to intensify those moments, and create even more of them." ❊

Frontload the Good Stuff

And Other Lessons Learned While Developing *Tulula*

We are working in an industry in which at least one new product is released every day (including weekends!). However, let's be frank: How many of those games are unique or stand out from the crowd in any meaningful way?

In the Fall of 2009 INTENIUM was shown a very strange and different-looking demo titled The Tribe, and it grabbed our attention right away— not because we saw in it a potential hit, but rather because it was so weird-looking compared to anything we had seen before in our mainstream-driven market. The demo told a story of tiny black men living in a multicolored and vivid world of a very unusual art style. There were hot debates at INTENIUM concerning this demo, but the only thing we were all sure about was this: It would either be a top or a flop. Within a year, we proved to be both wrong and right.



As we turned The Tribe into what is now known as *Tulula: Legend of a Volcano,* some "Game Development 101" lessons proved to be more important than others. Below we summarize our experiences that might help our colleagues to move around sharp edges without getting hurt.

Lesson 1: Know Your Target

Before beginning development of any game, answer a simple question: "Who is your target audience for the game? Who is the person that is going to play and/or buy it?"

It is still widely believed—especially by Eastern European teams—that because 15-to-35-year-olds play casual games in Eastern Europe, it must be the same elsewhere. Consequently, when the developers were working on the prototype, they had a younger audience in mind. In reality, what the developer team learned is that the core Western audience—especially in North America—is much older (45+) than in Eastern Europe.

Lesson 2: Take the Time to Play-test

Play-tests are the only way to make sure you are following the right path. And the more play-tests, the better.

Our first serious (and only) broad play-test (1000+ participants) came at the beta stage—and it exposed many of the game's shortcomings. Notwithstanding the fact that we spent a month and a half implementing changes based on beta-testers' comments, some flaws could not be fixed. The development team didn't really gain a true understanding of what exactly was done wrong until after the game was launched and we followed the player discussions in forums. (By the way: Forums are a great source of learning if you take the time to analyze them.)

Lesson 3: Frontload Some of the Good Stuff

No matter how much you love your game and think that it is the greatest game in the world, the player judges it within the first 10 to 30 minutes. So you need to start with a few "sweets" or surprises—the strongest unique points of your game. Otherwise, your team runs the risk of preparing a delicious dessert that your guests never get around to tasting.

For example, during our testing we discovered that the very first level of *Tulula* (the tutorial level)

by Andrey Salnikov, *founder, Alt.A Games;* **Kyiv, Ukraine** & Alla Khramtsova, *executive producer, INTENIUM;* **Hamburg, Germany**

immediately raised several controversial comments. For instance:

"Ivan the Monkey is very childish"

"The tasks are primitive"

"Unnecessary slow pace of the action"

Worst of all, half of the testers noted that the beginning of the game was delivered in an unexciting way. It just wasn't intriguing.

Lesson 4: Focus on Game-play

Pay attention to the game-play principles and mechanics used in hit games in your genre and in your target market. Inventing something "excitingly" new may ultimately put you under a cold shower.

Unfortunately, people will judge any new product based on their previous experiences, likes, and dislikes—and there's nothing you can do about that. So if you are planning on working outside the box in your game, deviating from those accepted norms, make sure you test it on players many times over until you are 100 percent sure that your unusual game-play really is fun and works for the majority of your audience. One of our mistakes was in the way we presented tasks to the players and the number of those tasks. There is a succession of tasks the player needs to do in a pre-defined order with very few deviations from this pattern. The tasks themselves were rather precise and did not require more than 1-2 actions on the part of the player.

One more thing: Many complained that they were "taken by hand" through the game. This feeling arises when you have too many small tasks in the game. For instance, rather than directing players to "find the shoes, lace up your shoes, put on your left shoe, lace it up… " you would be better off simply saying "Get out of the room and go outside." Obviously there may be a lot of actions required before you can "go outside," but you shouldn't be so prescriptive that the game becomes tedious.

Other Lessons Learned

- If neither you nor your publisher is 100 percent sure about a particular feature, just skip it.
- Don't create cut scenes in the game just to fill in the time gaps. Create cut-scenes that tell the story or make valuable additions to its flow.
- Required actions and tasks should be connected with the main story. Even mini-games should be part of the storyline if possible.

TULULA: LEGEND OF A VOLCANO

- Carefully formulate the questions you pose in player surveys so that the answers make it clear what you should do to improve your game. Otherwise, why ask?
- Trust in your game till the end. Do not look around and freak out. If you select a particular direction and there is no way to change it, follow it till the end (and a bit further) to give it a chance to excel.
- Portals usually prepare art packs themselves, but they select from among your delivered assets. Prepare portal-specific art packs so that your game stands out from the crowd on each portal.
- Game-play may be king, but story and art are the queens. If this family is unhappy, then the product won't be successful.
- If your game does not reach top placement on one channel, it does not necessarily indicate that the game is bad. Each portal or distribution channel has a specific audience of players who like slightly different spices on their games, so to speak: One group might prefer complex, difficult game-play and scary settings; another might like a more relaxing entertainment experience. Some player groups are more conservative about the art style and story than others. Just keep on looking to find the audience that appreciates what you've made!

May your next game be a success! ❊

Concept art.

alt.A games

Social Gaming M&A

Converging Models Bring New Opportunities

In the last 24 months, the adoption of casual games on social networks and the birth of social gaming have driven a noticeable upswing in mergers and acquisitions (M&A) and financing activity in casual games. New and non-traditional buyers are bringing a variety of opportunities to gaming companies that previously had a narrow segment of suitors to drive an exit.

This jump in financing and M&A activity is especially driven by the convergence of several different industry segments. The growing popularity of mobile gaming and social gaming, and the overlap between the two areas, are drawing increasing attention from investors and strategic acquirers. Emerging models like these will impact the valuation premiums for companies that are (or are not) playing in the converging area.

The proliferation of social networking provided a platform for the adoption of social games, which resulted in the rapid rise and success of social gaming companies such as Zynga, Playfish, Playdom, and Crowdstar. These companies harnessed the reach and virality of social networking platforms—along with the massive appeal of casual gaming—to rapidly grow the usage and monetization of games via micro-transactions, offers, etc. In so doing, they uncovered a new segment of users: social gamers. Social gamers represent a large and powerful segment of the population with significant disposable income. They spend more time away from traditional media channels and redirect disposable income from other channels or sources of entertainment. The habits of these consumers and the ways in which they play games are driving the convergence of games, media and devices/platforms.

> “Social gaming not only gives the Internet companies an avenue into the social networking, but it also opens new revenue opportunities.”

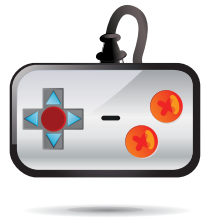
Stakeholders and Their Motivations

The concept of convergence has very powerful implications on M&A momentum in many technology sectors. So what does it mean for gaming?

Convergence in gaming is far more complex as it breaks traditional boundaries across sectors (technology and media, geographies, demographics, etc.). This discussion mainly focuses on the rise of social gaming and its intersection with several areas including:

- Social networking
- Mobile
- Gaming software
- Media content
- Hosted services

There are several players operating in this intersecting ecosystem who have a vested interest in casual gaming. While there may be varying degrees of interest, they all have one thing in common: the need for growth. Social gaming provides a new opportunity as consumers reallocate wallet-share from other forms of entertainment to social gaming. Below is an overview of some of the players taking a closer look at social gaming, and why.



Console and Packaged Software Gaming Vendors

Traditionally, these companies defined the space that was dominated by large heavyweights serving hardcore gamers. Hardcore gamers spend significant amounts of time, energy and money to purchase expensive gaming consoles and games. This segment of the population is mainly represented by males ranging in age between 18 to 49 years[1]. The rise of social networks and casual games tapped into an entire new section of the population interested in console gaming: primarily females over the age of 30, with an average age of 43[2]. For the traditional vendors serving the hardcore gamers, there are new opportunities to reach a much broader population and a new area for monetization. And while these companies have strong capabilities in designing games and building IP, they have less experience in social games. These factors are expected to motivate these companies to acquire properties in the casual gaming

space (as we have seen with EA's acquisition of Playfish).

Internet Companies

Social gaming and its audiences are of great interest to Internet portals, online media and search companies. That being said, the social network battle has largely been fought and won. So how do these companies take advantage of the viral nature and engagement of social networks? Enter social gaming. Social gaming not only gives the Internet companies an avenue into the social networking, but it also opens new revenue opportunities. Portals have historically derived a majority, if not all of their revenues, from advertising. Social gaming gives them an opportunity to monetize their consumers via micro-transactions and subscriptions. These dynamics will drive Internet companies to address the social gaming opportunity via M&A.

Media Companies

Traditional media companies are a very important set of stakeholders in the convergence of gaming. These companies have very strong IP (via media properties) and have strong brand presence. They touch a very wide segment of the population and know how to create engaging content. These companies have been significantly impacted by the loss of revenues to online advertising. Several of these companies have made Internet acquisitions in the past with varying success. Many of these companies already have or will need to have a casual gaming strategy not only to find new ways for monetizing their existing consumers but also to open opportunities for monetizing their IP.

Mobile Companies

Recent studies have shown that casual gamers are playing mobile games at home, which in some ways could compete with PC or console gaming. Mobile equipment vendors—especially handset vendors who have experienced commoditization of hardware—have the opportunity to harness the power of mobile social networks that leverage video, voice and SMS to create an engaging consumer experience on the phone. There are large, mature, and high-growth platforms in Japan and Korea that have experienced significant success in mobile. Although it is in its infancy, the mobile social gaming ecosystem is more complex and its platforms are different than those of desktop gaming. In the future, the mobile device manufacturers will have to look for higher margin sources of revenues to sustain their competitive edge.

International Gaming Companies

Packaged gaming companies in China and Japan have built multi-billion dollar businesses via online gaming. They have very strong competency in creating online gaming platforms and in attracting, retaining and monetizing consumers online. That being said, and with the exception of a very few players, most of the companies address the MMOG space where the users are by and large different than the typical casual gamer. The North American markets provide a fertile and attractive ground for these companies to access lucrative regions globally. While they have the financial strength to make large strategic moves, the best way to penetrate the North American market will likely be via acquisitions.

Growing Momentum in M&A Activity

The global recession of 2008 and 2009 did not have a significant impact on the overall gaming M&A market as games became outlets for affordable entertainment. In 2008 41 transactions were announced, aggregating $766.7 million in disclosed value; in 2009, those numbers rose to 43 and $989.1 million. In 2010, 50 transactions aggregating $1.2 billion in disclosed value had already been announced through August 9th. There were 18 cross-border transactions in 2008 and nine in 2009, compared to 14 already through August 9, 2010[3].

The previous two years saw consolidation among video game developers in order to bolster teams, enter new geographic markets, and acquire IP. However, the acquisition of Playfish by EA in November of 2009 sparked the consolidation of the emerging but proven social gaming model. The social gaming space is seeing significant, big dollar transactions that not only provide the buyers with a new competency, but also open a new area for growth.

The approximately $400 million acquisition of Playfish that jumpstarted the current wave of social gaming consolidation leapfrogged EA into the social gaming market in a significant way. The acquisition brought the second largest social gaming developer (after Zynga) under the EA umbrella—and with it 60 million monthly active users. Social games require an entirely different set of features to be successful

by Kushal Saha, *managing director, Cascadia Capital;* **Seattle, WA**

> "The rise of social networks and casual games tapped into an entire new section of the population interested in console gaming: primarily females over the age of 30, with an average age of 43."

than those of EA's core competencies. The acquisition gave EA a leading position in the market along with a team that had the capabilities to succeed in the space.

The wave of consolidation in the social gaming segment of casual gaming continued throughout the first half of 2010 with smaller acquisitions by the large players in the space. Zynga acquired Serious Business, the company behind *Friends For Sale* and *Rock Legends,* in February of 2010. The Serious Business acquisition brought Zynga strong IP and more social gaming development talent. This acquisition was followed by two more acquisitions that gave Zynga more arrows in the quiver: XPD media brought with it entrance into the Asian market and Challenge Games brought with it stronger competency in virtual currency. While Zynga acquired IP and talent via these acquisitions, it also brought new avenues for growth as the adoption of Zynga's existing games started maturing.

Playdom was also on an acquisition spree throughout the first half of 2010, buying nine companies[4] after raising $76 million[5] in November of 2009. The acquisitions by Playdom have been centered around bolstering its development team as well as its presence on Facebook and iPhone. All of the activity ultimately paid off for Playdom with its recent exit to the Walt Disney Company for $763M[6] in July, 2010.

The Playdom transaction brings Disney and its brands a significant foothold into the social gaming space along with 42 million monthly active users. While Disney has existing gaming properties primarily for younger audiences on the console side (via ClubPenguin), social gaming is interesting to Disney's overall brand because of its broad demographic reach that can be utilized to market a significant portfolio of content IP (ESPN, ABC and Marvel) to the social networks. Disney was an early investor in Playdom through its Steamboat Ventures investment arm and ESPN recently announced an agreement with Playdom to make sports-based social games, making Playdom a very logical partner once they decided to enter the space. Well-known companies have had varying success acquiring social networking companies, but with the acquisition of Playdom, Disney has an opportunity to extend its reach across social networking platforms—without acquiring a social network.

What Does the Crystal Ball Show?

The increasing pace of convergence across sectors, business models and formats will serve as a strong catalyst for further consolidation as number of potential strategic stakeholders (traditional gaming companies, media companies and foreign buyers) understand the opportunity that social gaming brings to the table. Social gaming remains an attractive opportunity for established companies and startups to produce and monetize innovative games that appeal to different constituents who engage on social networks—or even those who cannot be found on traditional social networks like Facebook and MySpace (such as younger generations of consumers). As new players grow and teams mature, there will be more M&A activity in the sector.

Traditional gaming, Internet and media companies will be the most active consolidators. Playfish and Playdom were not just a mere flash in the pan, but a validation to the theme of convergence within a sector. While those transactions were of some scale and took out leading companies in the sector, there will likely be more transactions to acquire platforms and teams that have been able to demonstrate traction and talent. Zynga may seem out of reach for some buyers, but smaller social gaming companies are experiencing significant growth and may be interesting to companies who are looking to acquire talent and string together platforms that are compelling to consumers. We have already seen evidence of this strategy from Google via its recent acquisitions of Slide and Jambool. Traditional casual gaming companies who are rapidly adapting to the social gaming model could also be consolidators and targets.

Last but not the least, where are the Asian gaming companies? The Asian players have cash and sizeable market capitalization to be active consolidators. While they have solid experience in immersive online gaming, they will need to further build or acquire social gaming talent. In addition, the U.S. marketplace holds a significant opportunity for expansion for the Asian buyers due to spending potential and the steady penetration of the microtransaction revenue model that Asian players are familiar with.

While this discussion is not intended to provide a roadmap for M&A in the social gaming sector, the concept of convergence in the context of social gaming combined with the recent M&A activity provides an important foundation for increase in M&A activity in the future. ❊

1 Entertainment Software Association
2 Information Solutions Group
3 451 Group
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Stealing Advertisers from Daytime TV

Three Ways to Generate Substantial New Revenue from Big Brands

As television's key viewers shift their time to playing online games instead of watching TV, game publishers and brands are in a land-grab to find ways to best engage this valuable audience with targeted advertising. A recent study by Deutsche Bank found that 7.5 million people tune into *Oprah* every day, whereas 50 million people play a Zynga game each day. In fact, casual and social games audiences are now larger than both daytime TV and primetime audiences: While 47 million people play *CityVille* in a given week, just 38 million tune into *Academy Awards*.

The transformation from passive viewing to active engagement is causing brands to make a big shift in where they put their advertising dollars, and casual and social game publishers are set to benefit from a big influx in ad spending. Until now, offer-based platforms have heavily featured direct response ads that require the end user to make a purchase or sign-up. Few big brands previously used such advertising since the eyeballs of their target audiences were usually glued to the TV screen rather than the computer screen. However, eMarketer expects to see a 33 percent increase in brand dollars spent on games. eMarketer projected advertisers would spend $220 million worldwide on social games in 2010, with that amount rising to $293 million in 2011—and if you count both casual and social games, some estimates put that number closer to $1 billion. Yet, as advertisers rush to spend on casual game placements, publishers are still figuring out which advertising methods best engage their players. In other words, advertising in casual games is still a nascent market, and there are many options available to publishers looking to generate new revenues.

As advertisers rush to spend on casual game placements, publishers are still figuring out which advertising methods best engage their players.

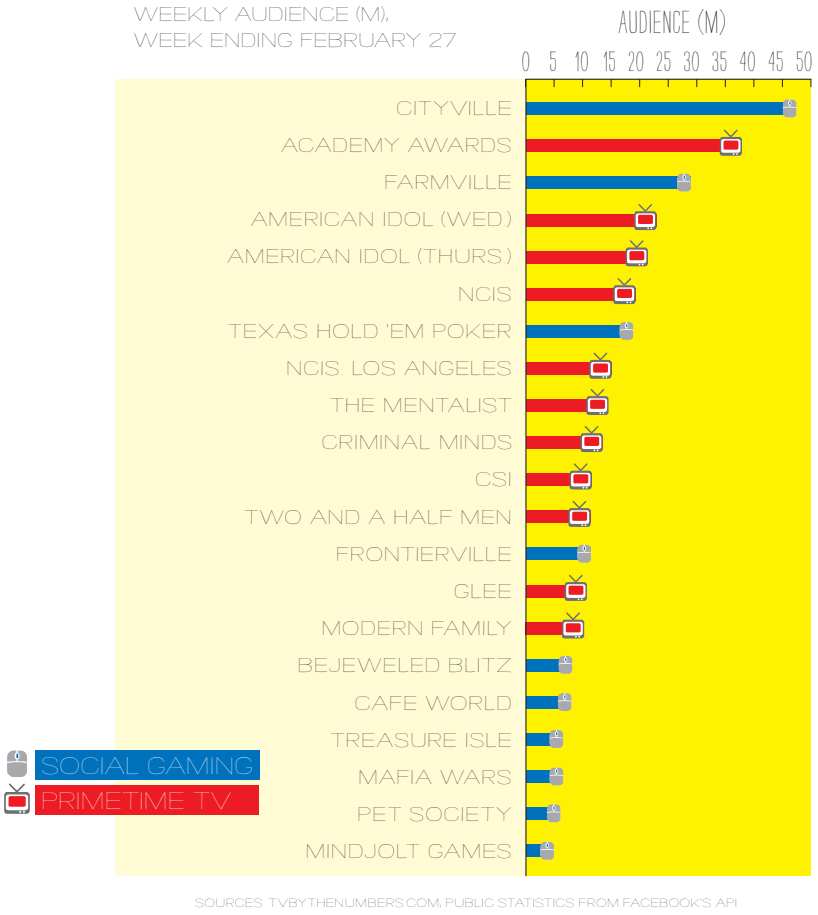
So how can game publishers creatively leverage brands within games and get a larger piece of the advertising revenue moving into the space? Here's a run-down of a few in-game advertising methods that TrialPay has observed to be effective.

1. Integrate Contextually Relevant Ads in Your Game

Your promotions should be timely, reflecting current consumer trends (especially those tied to the theme of your game), holidays, or events. For example, a clothing retailer might place an integrated banner

by Alex Rampell,
CEO, TrialPay;
Mountain View, CA

SOCIAL GAMES AUDIENCE ECLIPSING THAT OF PRIMETIME TV



SOURCES: TVBYTHENUMBERS.COM, PUBLIC STATISTICS FROM FACEBOOK'S API

in a game urging players to buy clothes right around "back-to-school" time, or a movie rental service might promote the rental of classic films right before the Oscars. These ads get high click-through and conversion rates because they're targeted, performing especially well in "upper funnel placements," such as the game home page or directly within the game environment (rather than in peripheral real estate). Game publishers can also place these ads on offer walls or billboards within a game, or integrate them more deeply into the fabric of the game's look-and-feel, depending on the game publisher's ad placement inventory.

These types of targeted promotions work even better when they're paired with free game coins or virtual currency. For example, "Buy Mom a Bouquet and Get Free Game Coins" entices buyers with a little extra incentive, resulting in extremely high conversion rates. In the days leading up to Mothers' Day in 2010, TrialPay found 40% of the top games on Facebook Platform ran Mother's Day promotions that allowed players to earn virtual currency by buying flowers for the holiday. These game publishers generated about $1 million per day in Mothers' Day sales via these promotions, and the majority of sales occurred in the final week leading up to Mothers' Day. Sales peaked six days before the event (accounting for approximately 20% of sales), which reinforces the importance of timeliness with in-game ads.

In addition, about 40% of all purchases during this period came from first-time buyers who had never purchased in a game before. By dipping into real-world buying trends, contextually relevant promotions can add a quick revenue boost and catalyze purchases among previously non-transacting players.

As the gaming audience grows, brand advertisers are entering the space, which means you're losing money if you're running the same direct response ads over and over.

AD SPENDING ON SOCIAL GAMES & APPLICATIONS 2009-2011

MILLIONS AND % CHANGE

	2009	2010	2011	% CHANGE*
US	$144	$142	$192	33%
NON-US	$39	$78	$101	160%
WORLDWIDE	$183	$220	$293	60%

NOTE: *2011 VS. 2009
SOURCE: EMARKETER, JULY 2010

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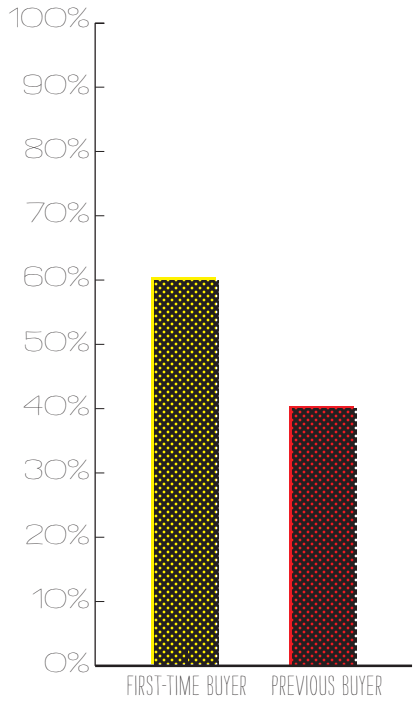
www.eMarketer.com

TYPE OF BUYER COMPLETING IN-GAME OFFERS

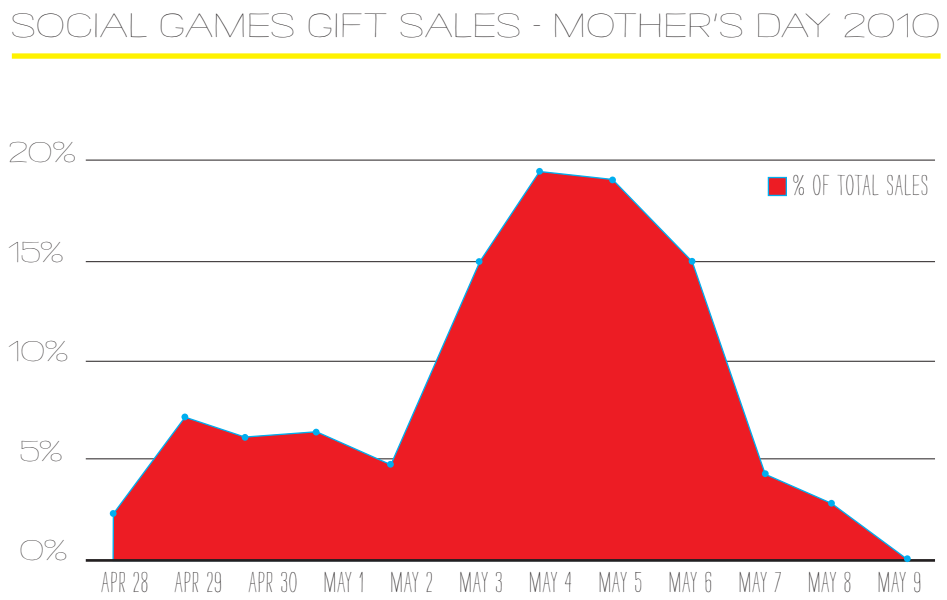


2. Integrate Branded Experiences

As the gaming audience grows, brand advertisers are entering the space, which means you're losing money if you're running the same direct response ads over and over again. It's important to diversify your ad inventory because many players return daily. Showing the same promotions makes it difficult to reengage repeat players as well as creating barriers for players who don't want to make a purchase to earn coins. When branded experiences are inserted within a casual game (such as branded virtual items or videos), brands become part of the game (and brand dollars become your dollars). For example, Farmers Insurance offered players of Zynga's *FarmVille* access to a Farmers-branded airship. The virtual blimp hovered over players' crops and worked with the game to prevent withering—an actual result of crop neglect in the game's universe. Consumers also got a chance to enter to win a ride on the real Farmers airship through the company's Facebook page—increasing fans on Farmers' Facebook page from 16,000 to 100,000 within a short period. Another example of a branded experience: Food retailer Cascadian Farm recently teamed up with game developer Zynga to be the brand behind the game's organic blueberries crop. Within a few days of launching in the *FarmVille* Market, Cascadian Farm organic blueberries had been purchased by more than one million players for 20 credits each.

When done well, these branded placements can be very effective. Across brand advertisers using TrialPay's in-game advertising platform, TrialPay has observed that branded content offers can oftentimes account for up to 50 to 60 percent of daily offer revenue within games and have click-through and conversion rates 10 to 20 times higher than standard banners placed on offer walls.

By dipping into real-world buying trends, contextually relevant promotions can add a quick revenue boost and catalyze purchases among previously non-transacting players.



3. Provide Exclusive Content Relevant to Your Game

Another way to engage game players is to provide exclusive content that is relevant to their interests. For example, in September rock legend KISS performed a live streaming concert within Booyah's online game, Nightclub City. Promotions for the concert within the game garnered 3.3 million impressions with a 73 percent click-through rate in just two days. Additionally, during the event, a special video promotion was clicked 1.35 million times with a 73 percent click-through rate. As for KISS, the digital concert spiked the KISS Facebook fan page with a 750 percent increase in user fans, while the Nightclub City game saw a 16 percent week-over-week increase in daily active users. The campaign enhanced user engagement within Nightclub City without degrading user experience because it provided content that players could not find anywhere else on the Web.

Casual games are attracting millions of consumers in their prime buying years. While daytime TV—and primetime, too—will continue to draw in this demographic, game publishers stand to generate millions in revenue from in-game advertising if they play their cards right. ❊

Bringing Casual into a Social World

by David Hoppe,
Dir. of Bus. Development, Microsoft;
Seattle, WA

For more than a decade, we have watched as consumer behaviors and appetite for casual games have changed; games have become easier to access, consume and share, and with the launch of games on Facebook, they have exploded in popularity. Yet, old habits die hard. Traditional *Solitaire* remains the most popular digital game in the world and we still see that people want to unplug, kick back and swap some gems or untangle a few words in games like *Bejeweled* and *Words with Friends.*

As we've seen in just the last few years, both *Solitaire* and *FarmVille* hold special places in the games industry. So, where's the common ground between the two? With the evolving games landscape in mind, Microsoft recently evaluated our key casual games properties—MSN Games, Bing Games and games on Windows Live Messenger—and took a decidedly new approach to this multi-billion dollar industry. Our goal was to broaden the way people played by making it easier to find and share favorite titles. To do this, we created a unified experience using a new technology called Microsoft Game Hub to connect our platforms. Additionally, we leveraged our games heritage to bring fresh content from the social, casual and emergent genres together under one roof. We're also changing the way we work with developers by creating a streamlined "write once, publish anywhere" offering. In the future, the winning platform will be the one that truly matches the myriad ways casual players are playing games and developers are meeting those needs.

The Evolving Casual Game

Microsoft's heritage in casual games stretches two decades—as far back as the first bundle of *Solitaire* included in Windows 3.0. We also launched The Zone, one of the original online games portals, in 1996. Over the next 15 years, the rise of virtual worlds, MMOs, social networks, broadband internet and the über-connected transformed nearly every facet of the online world.

Socially-Enabling Casual Games

With this landscape evolution in mind, we took MSN Games, Bing Games and games on Windows Live Messenger and added Facebook and Windows Live connectivity, tying each platform to the others with a social wrapper we call Microsoft Game Hub. Game Hub adds social functionality to each online portal, making the player's friends and personal social network an integral part of his or her gaming experience. Through Game Hub, players can share high scores, send challenge requests to friends, view status updates from Facebook or Windows Live and more. Our goal: to make playing online casual games not just more social, but more personal and more fun. Leaderboards carry over between platforms, and a player can add a game as a favorite on Bing Games, and easily find and play it later on MSN Games or vice versa. What's more, we added the ability to track favorite games, game history and scores and share them across game portals. For the first time, with Game Hub, we have unified what were once three disparate game experiences across multiple platforms. And what was previously solitary game play has become exponentially more social.

Play Your Favorite Games When and Where You Want

Ease of access was also important to us, both for our users and our content development partners. Playing a game on a computer used to mean inserting media into a desktop PC, waiting for the computer to boot up and then for the game to load. Online games evolved that model, giving people easier access to the games they love but still requiring users to head to a specific "destination" online. We wanted to turn that model on its head and make games a part of the things consumers were already doing. Instead of offering only a single destination for casual games, we've added casual games to some of our most highly-trafficked online properties, making games a seamless part of search, chat and more. By bringing online casual games across MSN Games, Bing Games and games on Windows Live Messenger, we opened up the online casual games space to make it readily available to our users, and in turn, we've tapped a massive base of potential customers and paved the way for even more social experiences to come.

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Microsoft Game Hub acts as the connective tissue between MSN Games, Bing Games and games on Windows Live Messenger. While the technology wires our three online casual games platforms together, we recognize that our customers choose to play on each platform for different reasons. One day a player might choose the new MSN Games for its homepage coverage of celebrity news from MSN Entertainment, letting them keep track of their favorite stars while staving off attacks from the undead in games like *Plants vs. Zombies.* The same player might head to Bing for its one-click play and ease of search. People were already playing while they chatted on Windows Live Messenger, so we added more single player games to the service and integrated new social features, such as sharing high scores, game challenges and more. Now, whether customers are looking for a dedicated games site, or multitasking by searching or chatting while playing, all three platforms offer a full range of titles that translate across properties.

Making Content Count

Accessibility also means easy discoverability. Populating our online casual games platforms with a top portfolio that translates across properties was essential to our success. We took a keen eye to the landscape and evaluated the best games, not just on online platforms, but on other popular casual devices such as mobile and handheld. We then set about working with mobile and console developers to bring those top hits to our casual properties. Cultivating a strong mix of traditional casual games, pure social games and all of the flavors in between was a top priority. Ensuring we offer quality and variety is an ongoing process that started with a launch portfolio featuring some of the most popular casual games along with new releases from critically-acclaimed indie publishers. We will continue to work with the industry's brightest talent to introduce even more top titles from other platforms in the near future.

A key theme in content distribution is filtering. 10,000 games are of little value to a single person looking for just a game. We are taking a highly-curated approach and are delivering only the best of the web, handheld and mobile. Managing a highly-curated portfolio means sustained exposure for successful, quality games. Across our online platforms we're ensuring top performing games receive high exposure and the ability to drive a new and engaged audience base.

Write Once, Publish Anywhere

So what does this mean for developers? By connecting online games properties and infusing them with social features, we've created a massive, unified audience for our partners—more than 450 million players worldwide across MSN Games, Bing Games and games on Windows Live Messenger, ranging from tweens to adults. Developed just once, games published on our online properties reach across all three platforms, increasing developer reach and bringing games to market swiftly and easily. We've worked hard to make the games experience more fluid and accessible not just for our customers, but for our partners as well.

The work is far from done, however. A true social-casual platform requires purely social games and needs to adapt to the changing ways people interact with games of all types. New viral channels, new social graphs and new devices compete for mindshare. Business models are evolving and we continue to work with partners to develop and refine new methods for monetizing our audience.

And for us, unique content is the key piece of the puzzle. We've brought our customers' social networks to their games and made game play a seamless part of what they're already doing online, whether it's search, chat or just skimming the news. This creates a spectrum of game play options, from the truly casual to the overtly social. Our curated approach reduces churn and partner business risk. And we're simplifying the tools required to publish across multiple portals and eventually devices. These advancements, along with game development ventures of our own, are continued steps toward achieving our ultimate goal: offering our customers a seamless online games experience that brings the people who are most important in their lives to their games and, ultimately, their online world.

Conclusion

By leveraging our history in games and unique relationships with quality partners, we have helped to open up a fresh and more socially-connected casual games experience to players the world over. We've wired the games on our platforms to today's world and made it easier for our partners to get the best possible returns on their investments. And, most of all, we're excited to continue to evolve the games experience both for our consumers and our partners. ❊

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and at casusal Connect Europe, Booth G12

by David Rohrl,
creative director, Playdom;
San Francisco, CA

Fundamentals of Social Game Design–*Part 3*

Fostering Collaboration

In this installment, we'll take a look at one of the most interesting aspects of social game design: fostering asynchronous collaboration. This is an aspect of game design that is core to social games and almost unknown outside the category. The concept of asynchronous collaboration is fairly straightforward: It simply means letting friends work together to achieve game goals without obliging them to play the game at the same time.

Letting friends collaborate in games has been a huge part of social gaming's meteoric rise.

Social game developers have gotten much, much better at fostering collaboration over the last couple of years. In fact, some recent games (like Zynga's *FrontierVille*) weave collaboration so deeply into the game's core mechanics that one could argue that the asynchronous collaboration *is* the game (or at least the part of the game that keeps players going once the initial buzz is over). This is a big change from the early days of social games, when the main social interactions focused more on making new friends (as in Zynga's *Poker*), passing friends on the leaderboard (as in PlayFish's *Who Has the Biggest Brain*), or playing pranks on friends (as in Area/Code's *Parking Wars*).

Letting friends collaborate in games (or even requiring them to collaborate) has been a huge part of social gaming's meteoric rise, in part because it taps into so much of what is unique about social gaming, specifically:

- The player is almost guaranteed to have friends on the platform and is quite likely to have friends playing the same game.
- The player is coming to the website to build and enjoy relationships with friends, not to play games.

So, when a game helps players take care of their main social networking goal—building relationships with their friends—players will stay with the game longer and are more likely to evangelize the game to their friends. In a recent Gamasutra interview, Brian Reynolds, Zynga's Chief Game Designer, argued that social games are better than traditional communication channels at extending relationships with acquaintances and distant friends.

Older games: Older social games did not focus on letting friends work together.

Sharing the Wealth

One easy and widespread way of letting players collaborate is by giving an in-game bonus to players who click on a viral message. This practice has been around almost as long as social games themselves. As you can imagine, users are more likely to click on a message that tells them that they will receive some sort of free benefit than on some random announcement of a game event—particularly if that free perk means something to them.

In late 2008, Facebook started requiring users to authorize all newsfeed posts. Almost immediately, newsfeed prompts started popping up everywhere in games, with developers asking for permission to post newsfeeds about virtually every event. At one point, several Facebook RPG's popped up a newsfeed prompt on every third click! As you can imagine, many members of the user community didn't like this much. However, as soon as developers started giving in-game bonuses to users who clicked on the newsfeeds, player perception began to change quickly. Many players tell us that they don't mind interrupting their game with a newsfeed prompt as long as it will deliver a substantial reward to their friends. In many of our in-house user studies, the user's first question when confronted with a newsfeed prompt is "How big is the bonus"?

One particularly interesting variation on this mechanic is the outbound gift (or, as it is sometimes

Lost cow: Letting people give their friends useful gifts while getting nothing in return has been surprisingly popular.

Ravenwood: You can advance much faster in *Ravenwood Fair* by asking your friends for gifts.

called after one particularly successful implementation in *FarmVille*, the "lost cow"). In this variant, players are told that they have found some kind of cool and/or useful item but for some fairly tortured reason they cannot keep it. They are offered the choice of offering the found item as a free gift to their friends or letting it go to waste. This practice was so popular with players that it seemed to flood the newsfeed. In fact, not long after Playdom's *Tiki Farm* launched, our forums saw players both complaining about the number of newsfeed prompts and simultaneously asking when we would let them share lost animals with their friends via the newsfeed.

With a Little Help from My Friends

Another popular way of getting users to collaborate is letting players complete game goals by gathering needed items from their friends. (This is most commonly expressed as gathering building materials in order to complete buildings.) Most typically, users will ask their friends to send them the appropriate materials via a newsfeed or invites. In some implementations, like LOLApps' *Ravenwood Fair,* users can find the needed materials *very* slowly through random loot drops during game-play. In almost all implementations, players can also buy the needed items for hard cash. (This helps developers comply with Facebook's platform policy.)

City of Wonder: The best buildings in *City of Wonder* need newsfeed clicks to build.

Playdom's *City of Wonder* uses an interesting variant on this mechanic. The game has some special buildings called "marvels" which have better stats and are better looking than other comparable buildings. After starting to build the building, players need to get a certain number of their friends to click on related newsfeeds in order to finish the building and get its benefits. Every friend who clicks on the newsfeed not only helps complete the building but also gets some free in-game currency to spend. Here too, players can buy out their social obligation for real cash.

CityVille: In *CityVille,* visitors can help a city owner with virtually any task.

When players get help from their friends in this way, it benefits the game in some important ways. First, users get a clear sense that they will be able to advance more quickly if they have more friends playing the game, seeing their requests, and sending them items. This makes them more likely to invite friends to the game. Second, when players get help through this type of mechanic, they feel a direct sense of gratitude to the friends who helped them advance. This may lead them to continue playing the game in order to return the favor to their friends or to the larger player community.

Visiting

Ever since social games started giving players some sort of virtual space to decorate, they have been nudging players to visit their friends' farms, cities, restaurants, etc. In fact, there wasn't much to do in some early games—like *(Lil) Green Patch*—outside of the visiting loop. Early versions of this feature prompted players to visit their friends' games under the pretense of solving some patently made-up problem which usually had a very crude or even non-existent visual representation. (Curse you, invisible gophers!) They then clicked a button to fix the problem and received a small in-game reward for doing so.

Although this wasn't real collaboration (the problems didn't really exist; they were created on the spot for the player's visit and resolved instantly regardless of the visitor's actions), the feature did serve some noble purposes above and beyond the viral notifications it sent out (a channel that Facebook closed several months ago). It gave the game social validation by letting players see how many of their friends were playing the game. It got players excited about engaging more deeply in the game when they saw all the cool stuff their friends had earned. And it gave players a sense—no matter how false—that they were helping out their friends.

Recent social games have extended this mechanic to create real collaborative interactions between friends. The Casual Collective's *Backyard Monsters* lets players choose one of their friends' current building projects to speed up. Zynga's *FrontierVille* and *CityVille* take this a step further, letting players help out with virtually any operation in their friends' virtual spaces, saving their friends' energy and earning extra collectible items for both the player and their friends. And when recipients come back to the game they get a full replay of their friends' actions, giving a full and detailed view of exactly how each player helped out.

One easy and widespread way of letting players collaborate is by giving an in-game bonus to players who click on a viral message.

The Next Installment

In our next installment, we'll take a look at customization and creativity in social games and discuss how these features help the player feel more attached to the game itself. ❇

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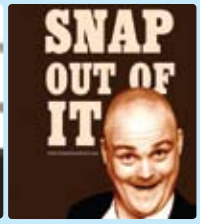
Now We Are Talking

Brighton, England

Memories from the Making of *Blue Toad Murder Files*



Some of our characters were inspired by characters from TV. That inspiration mainly influenced their mannerisms, but sometimes it influenced their voices as well. The Butcher's voice was influenced by the standup comedian Al Murray's "The Pub Landlord," and the Postman's mannerisms were inspired by Lee Evan's mad Welsh scientist character, Malcolm Taylor, in the *Doctor Who* Easter 2009 special "Planet of the Dead."

Jade Tidy, *Assistant Producer*
I have fond memories of Paul and me laying out huge rolls of paper across empty desks to draw out the timeline of all six episodes and the key events. There is a fantastic overarching story connecting the episodes, with each episode containing an individual crime to be solved. We wanted to visualize the development of each of the characters and the plot over time—which we felt could only be achieved with massive sheets of paper, sticky notes and multi-colored pens.

As soon as we knew we were doing a murder mystery the only setting that even occurred to us was a quaint English country village. Having grown up with Agatha Christie novels and TV series like *Midsummer Murders* it was easy to look to those for inspiration (and then gently parody them!).

Paul Woodbridge, *Design Director*
My advice: Write down key elements of the game and be willing to throw away anything that doesn't further these elements. Throw away anything that detracts from the core experience. The best games often look like they were easy to design, but that's because you don't see all the mistakes that were made on the way. It can be a painful process—because you have to be really critical of your work.

David Amor, *Executive Director*
The development process for *Blue Toad Murder Files* was fantastic, and it definitely provided us a lot of learning. We're taking our learnings into consideration for future projects. Commercially it's been interesting to learn about pricing and how you can play with the pricing to drum up sales. Creatively, it was tough to get the balance right in a whodunnit game. I have newfound respect for Agatha Christie.

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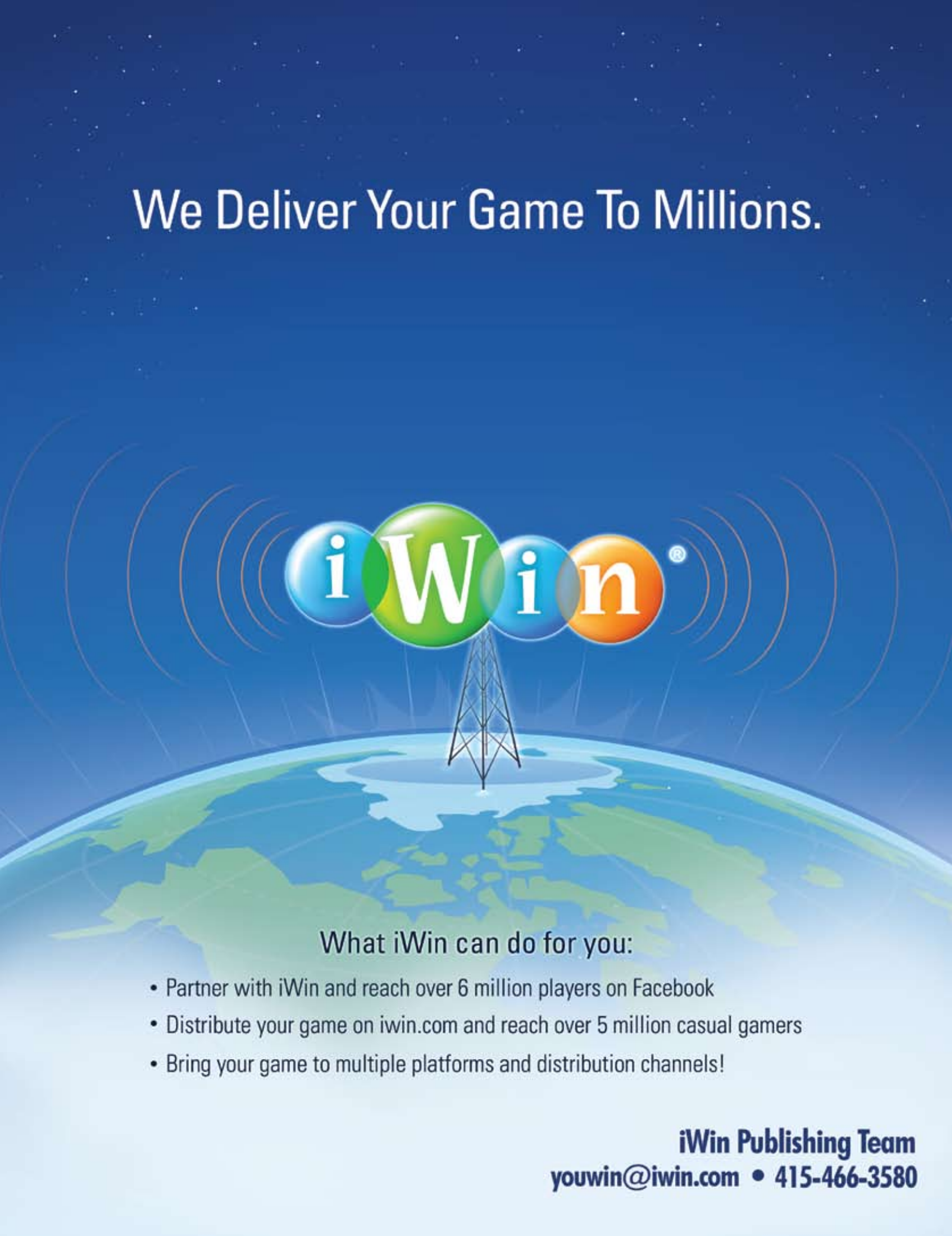

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